



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Borough of Somerville

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service by the state at no cost. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program, tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of the review, team members interviewed each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examined current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relevant information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
BOROUGH OF SOMERVILLE**

Public Works

The borough could save \$57,272 through contracting its civilian fleet maintenance function with the county. The elimination of the recycling drop off point would yield an additional \$43,389 in savings. Other savings and productivity enhancements amount to \$24,546.

Sewer

An aggressive campaign to reduce pumped inflow into the sanitary sewer system could save an estimated \$274,270 in sewer processing fees.

Police

A rescheduling of the patrol division would create a productivity enhancement of \$351,550 and a reduction in overtime costs of at least \$48,846. Transferring the dispatch function to the county would realize an additional \$212,198 in savings. Other savings in the department amount to \$6,284.

Parking Enforcement

Expanding the coverage of parking meter enforcement would generate a revenue enhancement of \$36,000. Increasing the parking fine by one dollar would generate an additional \$8,000 in revenue.

Fire

Rescheduling capital purchases of fire apparatus would create annual savings of \$30,000.

Uniform Construction Code

Adjusting the hours and compensation of the part-time uniform construction code employees to better correspond to their actual workload would save \$14,915.

Library

Dissolving the municipal library and joining the county library system would save \$73,660 in operating costs.

Code Enforcement

Adjusting the interlocal service agreement fees paid by neighboring municipalities to more accurately reflect the true cost of providing these services would create a revenue enhancement of \$16,129.

Planning and Zoning

Consolidating these functions would create savings of approximately \$4,000.

Collective Bargaining Agreements

Eliminating senior status differential payments would create savings of \$85,218. Other negotiated savings amount to \$299,163.

Public Works	\$125,207	
Police	\$618,878	
Parking Enforcement	\$44,000	
Library	\$73,660	
Other	\$65,044	
Negotiable Savings	\$384,381	
		\$10,846,683
Budget	\$9,919,894	-\$926,789
Savings	\$922,789	\$9,919,894

<u>Areas Involving Monetary Recommendations</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Public Works			
More productive scheduling of tasks	\$13,177		
Reduce sick leave usage	\$9,302		
Eliminate recycling point	\$43,389		
Reschedule bulk item collection	\$2,067		
Contract with county for vehicle maintenance	\$57,272		
			\$125,207
Police			
Reschedule patrol function	\$351,550		
Reduce overtime due to staffing shortages	\$48,846		
Transfer dispatching functions to county	\$212,198		
Deploy cost-effective crossing posts	\$6,284		
			\$618,878
Parking Enforcement			
Hire part-time enforcement officer	\$36,000		
Increase parking fines	\$8,000		
			\$44,000

Fire			
Reschedule capital purchases	\$30,000		\$30,000
Uniform Construction Code			
Reduce hours to appropriate levels	\$14,915		\$14,915
Library			
Join county library system	\$73,660		\$73,660
Code Enforcement			
Renegotiate interlocal services agreement	\$16,129		\$16,129
Planning/Zoning Boards			
Consolidate planning and zoning functions	\$4,000		\$4,000
Collective Bargaining Issues			
Reduce number of vacation days for borough employees		\$79,145	
Eliminate senior status differential		\$85,218	
Eliminate retirement reimbursement provision		\$155,000 *	
		*	
Replace clothing allowance with quartermaster system		\$9,300	
Institute 20% premium co-pay for health insurance		\$48,711	
Institute 20% premium co-pay for dental insurance		\$7,007	
Total Recommended Savings	\$926,789	\$384,381	\$926,789

*384,381 not included in savings of 926,789.

**One-time potential savings

Total Amount Raised for Municipal Tax	\$6,417,998
Savings as a % of Municipal Tax	14%
Total Budget	\$10,846,683
Savings as a % of Budget	9%
Total State Aid	\$1,846,683
Savings as a % of State Aid	50%

Potential for Savings

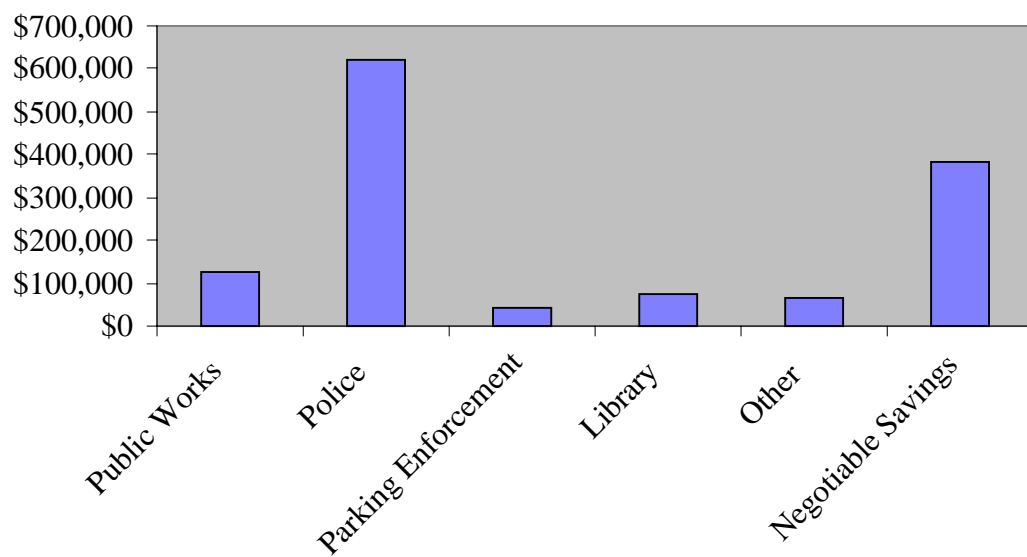


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COMMUNITY OVERVIEW

According to the 1990 census, the Borough of Somerville is a community of 11,632. The borough is an older, developed community with a population that has remained relatively stable over the past 20 years. In contrast to the rest of the region, the borough has a relatively low percentage of residents living in owner occupied dwellings, 49.5% of the population as compared to the county average of 75.3%. The population distribution is 81% white, 12% black and 7% other.

The borough plays an important role as a center for professional services in the area. It is the county seat and is, also, the site of a major regional medical facility. Numerous law and medical offices have located in the borough. The borough is highly accessible to the region through both road and rail networks.

The growth of the surrounding suburban communities and the accompanying development of commercial shopping centers has reduced the borough's role as a significant retail center for the county. As a result, the composition of the central business district has transitioned from retail shops to restaurants for the large daytime population working at the county and medical facilities. Some vacancies have occurred sporadically in the central business district.

Borough officials interviewed by the review team expressed concern over the viability of the borough's commercial district. In response to these pressures on the commercial ratable base, the borough has created a district management corporation to promote and improve the appearance of the central business district. Additionally, the borough has worked with a commercial developer to generate more revenue by redeveloping a closed landfill site.

Despite these challenges, the borough enjoys an ambiance of a small town with a main street setting unique in the region. The sense of community is strong, as evidenced by the degree of volunteer support in such municipal functions as recreation, fire, and emergency medical services.

I. BEST PRACTICES

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and, possibly, save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every area of effective effort. The following are those “best practices” recognized by the team for their cost and/or service delivery effectiveness.

Active Dialogue for Shared Services

The borough has an established tradition of actively seeking creative ways to reduce the cost of government services through shared services. Numerous Somerset County communities are continually engaged in an ongoing dialogue to investigate prudent and cost effective options to share services while, at the same time, retaining their community identity. This spirit of cooperation and willingness to explore new ideas has benefited residents through lower cost municipal services.

Shared Engineering Services with Somerset County

The borough achieves significant savings for its residents by getting engineering services from the county instead of a private consultant. The county provides engineering services requiring licensed professionals and other specialties, including drafting and surveying. Daily engineering matters, not requiring a licensed engineer, are handled by a borough employee who oversees other functions of the municipality such as facility maintenance and utilities.

The team evaluated the fee schedules for county engineering services with comparable private sector counterparts and found the borough realized savings of 25-50% on the costs of services.

Shared Health Department Services

The borough provides health department services to the neighboring communities of Manville and Raritan. This arrangement reduces the need of these communities to employ duplicate supervisory staff and, subsequently, achieves cost savings through funding these services with a larger tax base. Additionally, the consolidation of health functions has enhanced strategic planning of regional health issues by combining the information flows of three communities through a single organization.

Tree Conservation

The borough allows residents to redirect sidewalks at their own expense to accommodate overgrown roots that occasionally damage sidewalks. This new policy allows the borough to satisfy the aesthetic concerns of residents without impeding pedestrian traffic on the sidewalks. Previously, the borough had problems with pruned roots causing trees to fall over and opposition from residents to removing trees.

II. OPPORTUNITIES FOR CHANGE/FINDINGS & RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted, as appropriate, in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

One of the fundamental components of the team's analysis is identifying the true cost of a service. To this end, the team prepares a payroll analysis that summarizes personnel costs by function and attributes direct benefit costs to the salary of each individual. This figure will always be different from payroll costs in the budget or in expenditure reports because it includes health benefit, social security, pension, unemployment and other direct benefit costs.

MANAGEMENT OVERVIEW

It is the opinion of Local Government Budget Review that the Borough of Somerville is a well-managed municipality. During the review, the team has found consistent patterns of management actions to reduce the cost of municipal services through the implementation of a wide variety of shared services agreements and the negotiation of provisions in its collective bargaining agreements to reduce personnel costs. These efforts have spanned over 20 years and reflect long term institutional responses to the unique fiscal challenges faced by the borough.

The team's analysis of the borough's financial condition has identified several factors that inhibit the borough's ability to fund municipal services at a tax rate equivalent to neighboring suburban communities. The combination of existing low valuation of taxable property and the physical inability of the borough to accommodate substantial ratable growth is addressed in detail in the Finance and Tax Assessor sections of the report.

Despite facing severe financial constraints, the team's budget analysis indicates a strong notion of stewardship in budgeting practices as indicated by a relatively stable local purpose tax rate and an average annual budget growth rate of 2.09% over the past five years. The relatively good condition of the borough's infrastructure and capital equipment demonstrates that the borough has not funded current operations at the expense of long term capital improvements.

Overall, the staffing levels of the municipal departments are conservative given the high level of services that the borough provides to its residents. Generally, the staffing benchmarks utilized by Local Government Budget Review have indicated that the operating departments fall within accepted parameters for efficient employee to workload ratios. The team did have concerns, however, over the documentation of activity levels of employees working in multiple titles in selected municipal departments. These concerns will be addressed more specifically in the narratives covering the individual departments.

During the course of the review, the borough has entered into substantive discussions with area municipalities about additional ways to provide shared services. A very receptive attitude toward funding municipal services through the tax base of many municipalities supports an established history of dialogue among Somerset County communities.

ADMINISTRATION OF GOVERNMENT

Governing Body

The Borough of Somerville is organized under the borough form of government. The borough council consists of six members elected at large serving for staggered terms of three years. Under this schedule, two members of council stand for election each year. The council is the legislative body of the municipality with powers to pass ordinances, adopt budgets and create offices and positions.

The mayor is elected for a four year term and presides over meetings of council. The mayor is statutorily charged with the responsibility to execute state laws and borough ordinances. In the event of a tie over borough legislation, the mayor may cast the deciding vote. The mayor may also veto ordinances passed by council, which in turn may be overridden by a two-thirds vote of council.

The council maintains management oversight of municipal departments through several standing committees. These committees review the activities of these operating departments and provide oversight of expenditures. The team's observations of the system indicate that it works well in Somerville, resulting in a governing body that is well-informed about the activities of the departments and the borough staff receiving sufficient guidance to perform its missions. The borough's six standing committees are composed of two council members with one serving as chairman. The committees are organized as follows:

1. Personnel and Administration
2. Finance
3. Fire
4. Police
5. Public Property
6. Public Works

The borough normally holds council meetings twice monthly at the police headquarters building, located approximately a half mile from the main borough hall. Seating arrangements are somewhat limited and discussions with staff indicate there is some logistical inconvenience with having the governing body and appointed boards meeting away from the main offices.

The mayor and council members receive a yearly salary of \$2,500 and \$2,000, respectively. The governing body does not receive health benefits as a part of its compensation. There are no employees specifically assigned to the governing body. Employees from the office of the clerk-administrator provide clerical and administrative support on an as-needed basis. All appropriations made in support of governing body functions are made within the clerk-administrator's budget.

Clerk-Administrator

The borough has combined the functions of the clerk and administrator into a single position. The clerk-administrator has been employed with the borough for over 45 years and possesses an extraordinary wealth of institutional knowledge about the municipality. He performs all the duties as statutorily required of a municipal clerk, as well as the daily management of the borough. He personally responds to many inquiries from the public and represents the borough at numerous public functions.

In 1997, salaries and benefits for the borough administration and governing body were \$259,828. The borough paid \$3,234 for office supplies, \$10,119 for postage and, \$3,059 for advertising.

In addition to departmental operating costs, the administrative and executive budget includes appropriations for special legal expenses, eye exam reimbursements and a variety of smaller appropriations for educational and professional development.

The staffing levels for the administrative support of the clerk and administrator functions are conservative, given the broad range of responsibilities assigned to this office. Presently, three employees assist the clerk-administrator in performing his functions. A confidential secretary handles a wide variety of administrative tasks including correspondence, benefits enrollment and administration, and serves as secretary to the governing body. A clerk-typist and bookkeeper are specifically assigned to support the licensing, permitting and record keeping functions of the borough. The office also responds to phone inquiries made through the borough's main number.

Previously, the clerk-administrator was assisted by a deputy, who has since left the borough for another position in local government. The borough did not fill the vacant position, transferring the duties the former deputy administrator handled to the clerk-administrator and existing staff.

Anticipating the clerk-administrator's potential retirement, there is some discussion about splitting the present combined title into two separate positions. Other options, such as maintaining the present combined title with a deputy, have been suggested. Presently, there are no individuals available to perform the statutory duties of the clerk-administrator in his absence.

Recommendation:

It is recommended that the borough develop a transition plan for the eventual retirement of the clerk-administrator. It is suggested that the following actions be taken to support a smooth changeover.

- 1. For reasons of economy, the team recommends the borough not separate the clerk-administrator position until a successor is hired and is allowed to operate in that capacity for a year. If the governing body determines that the workload necessitates a bifurcation of the clerk-administration functions into two positions, it can elect to do so. During the recruitment process, it is recommended that the borough emphasize strong management skills rather than possession of a municipal clerk's certification. N.J.S.A. 40A:9-133.4 allows appointment of a non-certified clerk for a three year term, contingent upon the completion of necessary coursework and attaining certification during the term of the initial appointment.**
- 2. To reduce disruptions caused by the retirement of the key member of the borough's management team, it is recommended that the borough coordinate a transition period in which the clerk-administrator and his successor work concurrently to familiarize the incoming employee with the borough's operations. Although the borough experiences a cost increase by having two individuals on the payroll, the team believes that the benefits of fully familiarizing the incoming clerk-administrator would more than compensate for the dual salary.**
- 3. It is recommended the borough appoint an existing employee as deputy clerk. This would necessitate the borough pay for the necessary course of instruction leading to certification. The borough should have an individual with the authority to perform the routine statutory duties of the clerk when the clerk-administrator is either absent or too immersed in more pressing matters.**

FINANCE

Overview

The Borough of Somerville has the highest equalized general tax rate in Somerset County. A question often arises in such communities as to whether the high rate arises from excessive expenditures or revenue disparities that are beyond the control of the municipality. The team performed an analysis as to the underlying causes of this high rate and found that the borough

possesses insufficient real property valuation to fund local government functions at a tax rate that is commensurate with surrounding communities. Throughout Somerset County there is a significant disparity in the distribution of property that is subject to taxation.

Using the 1997 Somerset County Abstract of Ratables and US Census population estimates, the team determined the borough's per capita taxable valuation to be \$50,803 and the average for Somerset County is \$97,695. The team's analysis of tax rates throughout Somerset County reveals a similar pattern of fully developed, primarily residential, communities experiencing high tax rates due largely to low per capita valuation.

Of the 21 communities in Somerset County, the team compared the four communities with the highest equalized property tax rates with four municipalities with the lowest rates in 1997. For comparison, the team generated tax rates using the Somerset County average per capita valuation multiplied by the municipalities' population. The following table illustrates the correlation between the level of per capita valuation in the community and the general and local purpose tax rates:

Property Tax Rates					
Municipality	Equalized General Tax Rate	Equalized Local Purpose Tax Rate	Equalized Per Capita Valuation	Adjusted Local Purpose Tax Rate (Using County Average Per Capita Valuation)	Adjusted General Tax Rate (Using County Average Per Capita Valuation)
Somerville	3.40	.94	50,803	.49	1.77
North Plainfield	3.28	.82	43,884	.37	1.48
S. Bound Brook	3.28	1.05	41,071	.44	1.38
Bound Brook	3.19	.86	45,370	.40	1.48
Bernardsville	1.65	.35	163,344	.59	2.76
Peapack-Gladstone	1.64	.44	225,741	1.02	3.79
Bedminster	1.33	.27	155,518	.43	2.12
Far Hills	1.26	.44	281,876	1.27	3.64

The team also examined other revenue received by the municipality in the form of state aid, energy receipts, taxes, and other miscellaneous revenue to determine if these funds compensate the borough for its shortfalls in valuation. The team noted a slight disparity in these miscellaneous revenue categories, with the borough receiving an average of \$275 per capita, as opposed to the Somerset County average of \$284. Converted to an aggregate figure, the total shortfall between the borough and county miscellaneous revenue average as applied to population amounted to \$101,531, equal to approximately two cents on the tax rate.

The team examined municipal expenditures to determine if the borough's operating costs were higher than other Somerset County communities. Using statistics from the 1997 New Jersey Legislative District Data, the borough averaged \$879 in per capita local purpose expenditures as opposed to the average of \$918 for all municipalities in Somerset County.

The borough's opportunities to achieve tax relief through ratable growth are severely limited. County and exempt hospital facilities, combined with other public or charitable properties, comprise a total of \$171,467,300 in valuation, constituting approximately 26% of the borough's total valuation.

The borough is almost completely developed. Vacant land amounts to less than one percent of total valuation. For the borough to achieve the county's average per capita taxable valuation, it would have to increase its valuation by \$571,749,883 in new construction with no population growth. Given the physical constraints of the borough, this option is not possible.

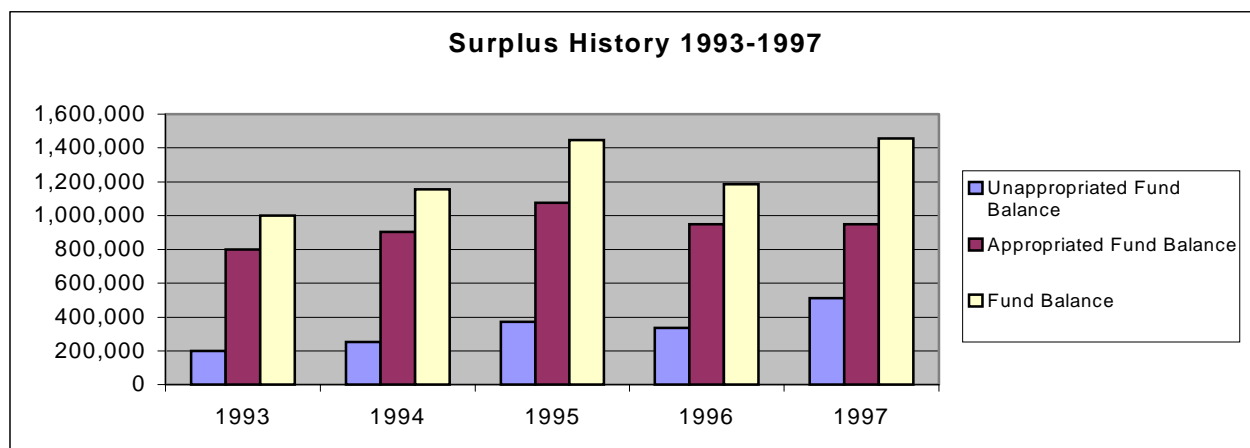
To appreciably lower the tax rate, the municipality must, instead, focus on reducing expenditures or enhancing revenues from other sources. This task is difficult. As previously noted, the borough's per capita expenditure is below the county average.

Budgeting Practices

The team reviewed the borough's budget for good financial practices and overall found a very stable level of expenditures and revenues. During 1993-1997, realized revenues averaged 7.53% above budgeted revenues. The team considers this margin to be an acceptable range for budget forecasting. Lower margins of revenue forecasting may cause serious revenue shortfalls, resulting in the borough having difficulty meeting its financial obligations. The utilization of surplus in the budget has ranged from 7.59 to 9.64 percent of total revenues over the past five year period.

The proportion of property tax revenue as a percentage of revenues has climbed steadily from 50.39% in 1993 to 55.64% in 1997. The improvement in collection rates by the municipality caused a corresponding decrease in the revenue from delinquent taxes, declining over the same period from 8.82% to 5.94% of realized revenues. Other categories of revenue remained relatively unchanged during this period.

The stable pattern of past fund balance appropriation, coupled with prudent revenue forecasting, has resulted in growing fund balances.



As the chart illustrates, the fund balance grew considerably during 1993-1997. The borough experienced a slight decrease in 1996. However, the fund balance was restored to a higher level in the following year. An analysis of the budget history reveals a trend of fund balances growing at a substantially faster rate than the actual budget. The budget increases for 1993-1997 averaged an annual 2.09% while the appropriated fund balance increased over the same period at a rate of 9.24%. The unappropriated fund balance grew at an even higher rate of 31.11%.

Recommendation:

The borough is to be commended for its prudent financial planning. The doubling of the unappropriated fund balance over the past four years has given the borough the ability to pay for major nonrecurring

expenditures, such as the scheduled revaluation, without dramatic increases in the local purpose tax. With a stronger financial position, the borough is able to offset other negative economic factors that affect its bond rating and subsequent costs of long term debt service.

Should the trend of increasing unappropriated fund balances continue, the borough may be in a position to either reduce taxes or pay an increasing share of its capital purchases in cash to reduce long-term debt service costs.

Organization

Two full-time employees staff the finance function for the borough. The borough is very fortunate to have a Certified Municipal Financial Officer (CMFO), who also is the Certified Tax Collector (CTC) and serves as sewer fee collector. In addition to saving money on hiring other certified individuals to fill these positions, the borough has a staff member with a comprehensive view of municipality's financial operations. Financial documents and background information sought by the team were provided in a timely manner.

Assisting the CMFO is a full-time employee with the title of deputy treasurer/payroll officer. The primary function of the payroll officer involves review of time sheets and updating records for the borough's payroll vendor via modem. Her duties as deputy treasurer involve depositing the daily cash received from the various departments in the borough and other duties as assigned by the CMFO.

Purchasing

The borough purchasing system is largely decentralized with individual departments making solicitations for quotation. Certain bulk commodities, such as copy paper, are centrally purchased to receive savings in volume. The borough purchases gasoline and contracts for police fleet maintenance through the county at considerable savings. The borough is cooperating with the county to determine if a consortium of local governments can realize savings through the joint purchase of energy commodities. The team randomly reviewed approximately 200 purchase orders for appropriateness and adherence to state purchasing statutes. No deficiencies of substance were found.

CASH MANAGEMENT

Overview

The treasurer/certified municipal finance officer/tax collector supervises the cash management functions. Prior to the tenure of the current CMFO/CTC, the Borough of Somerville had a need to maximize its control and interest income on its funds. In the early 1990s, revenues from the borough's cash holdings were negligible. Since then, the borough's revenues from interest on investments have risen steadily from \$11,738 in 1993 to \$131,012 in 1997.

At approximately three year intervals, the borough issues a Request for Proposal (RFP) to area banks. After receiving quotes from a number of financial institutions with community ties, Fleet Bank (formerly NatWest Bank) was chosen for the government special account.

Cash Accounts

There are fourteen accounts which are maintained with Fleet Bank: 1) current, 2) payroll, 3) payroll agency, 4) treasurer's account, 5) dog trust, 6) capital, 7) general trust, 8) general assistance (PATF I and PATF II), 9) recreation, 10) recycle trust, 11) District Management Corporation (DMC), 12) DMC trust, 13) sewer, and 14) violations.

These accounts are under an "account analysis," whereby, cash balances are aggregated at the end of each business day. Subsequently, the float, reserve requirement and balance required for services are debited against the average

ledger balance. A net-available collected balance is calculated and the interest earnings are computed and credited back to the current account.

All checking accounts are initially established as non-interest bearing and affiliated together for the purpose of analysis at the end of each month. The system then calculates the balances required to offset services and applies interest to all excess available funds. The cash management products of direct deposit and account reconciliation are integrated.

As a result, there are automatic adjustments for fluctuations in account activity and all funds earn interest while maintaining required balance levels. It also credits one monthly interest payment to the current fund. This is the preferred methodology, which eliminates the need for multiple entries per day.

Each service has a set charge, determined by the credit earned on average daily balances. These earnings credits are calculated each month and represent the dollar value of account Treasury Bill auctioned during the previous month, which allows the borough's earnings to reflect current money rates. Compensating balance requirements fluctuate with the movement of this index.

During the period under review, the aggregate net available balance from all accounts ranged between \$1,194,912 and \$4,441,284 monthly and earnings credit between \$5,137 and \$18,781 monthly.

Cash Management Plan

The borough does not have a Cash Management Plan (CMP) required by N.J.S.A. 40A:5-14. This is an important management tool to achieve a clear definition of investment practices and an overall maintenance of accounts.

Recommendation:

It is recommended that the treasurer develop a cash management plan in accordance with N.J.S.A. 40A:5-14 to include: a) designated official depositories, b) scheduled deposit of funds, c) definition of allowable investment instruments, d) definition of acceptable collateral and protection of borough assets, e) compensating balance agreements, f) reporting procedures, g) diversification requirements, h) maximum maturity policy, i) investment procedures, j) return on investment policy, k) internal controls, l) bonding coverage, and m) compliance issues.

Cash Account Analysis

Due to an inability to access microfiche records of accounts under analysis, the team was provided with only five months of account data to perform the account analysis for 1997. Using this partial timeframe, the team compared the earning potential of the borough's account balances against recognized investment instruments commonly used as benchmarks for local government investment performance.

The analysis of the available cash-in-bank and year-to-date earnings illustrated that the borough garnered a competitive interest rate on its fund balances. The stated earnings credit paid by Fleet Bank was compared to the estimated potential earning from the New Jersey Cash Management Fund (NJCMF), as well as, to the 91-day Treasury Bill. The 1997 earnings credit was \$65,096 for the five-month period analyzed. The earnings credit varied by account from month to month. The total interest earnings potential from the NJCMF and the 91-day Treasury Bill amounted to \$71,213 and \$69,758, respectively, for the same time period.

Because of the need to maintain liquidity to satisfy ongoing financial obligations, the team realizes that a cash account cannot be taken down to a zero balance. Therefore, the NJCMF and 91-Day T-Bill will usually record a higher yield. Since the interest earnings recorded are relatively close, the team concludes that the borough is receiving a very competitive return on its financial holdings.

In addition, the treasurer invests excess funds with the Municipal Bond Insurance Association (MBIA). The MBIA assists public entities in managing their cash resources in a pooled arrangement, which guarantees no loss of principal through its secure investment practices.

TAX COLLECTOR

Staffing

A full-time deputy tax collector/tax search officer and part-time clerk (14 hours per week) staff the tax collection office. The borough tax collector/treasurer/finance officer is also available during peak periods and serves as back up to the staff, who are situated in an adjacent office.

There are 3,400 tax lines in the borough. Using a benchmark established from prior Local Government Budget Review reports, an efficient staff-to-tax line ratio is about 3,000 tax lines per person. Based on this data, it appears that the office may be overstaffed, however, the tax collection staff is also cross-trained in the area of sewer payment collection. The part-time employee spends a greater portion of the 14 hours per week on sewer collection. The sewer payment must be posted manually. According to the tax collector, taxes are scanned and posted automatically.

In light of the added sewer and water bills and the additional duties of the tax collector, it appears that the tax collection function is appropriately staffed.

Financial

In 1997, the borough paid \$39,335 in salaries and \$10,672 in direct benefits for the deputy tax collector and part-time clerk. The tax collector's salary is in the finance department budget.

Collection Rates

The borough's tax collection rate was 96.11%, 96.54% and 95.53% in 1997, 1996 and 1995, respectively. The State of New Jersey recognizes an acceptable current tax collection rate of 95%. As identified in the 1997 audit, the office collected \$818,207 from delinquent taxes that represented approximately 96% of the delinquent tax receivable as of December 31, 1997.

Operations

The tax billing and collection process is very standard in its procedures as prescribed by Title 54 in the New Jersey Statutes. Tax bills are sent out in June of each calendar year. Payments are due quarterly on the first of February, May, August and November. The tax bills are generated in-house by the tax department. Delinquent notices are mailed out on a quarterly basis usually within 2½ to 3 weeks after the due date.

A significant number of people make tax payments in cash during regular business hours. There is also a drop box provided by the front entrance to borough hall. This is checked every morning and the contents is processed alternately between walk-in customers. The deposits are prepared daily for drop off at the local bank by the borough police.

The tax collection office utilizes various collection procedures as authorized by law to enforce the timely payment of taxes, such as delinquent tax notifications, tax sales, and liens. As of December 31, 1997, the borough had tax title liens of \$89,345.

Prior to 1996, the finance office, tax assessor and tax collection functions were manual functions. Vital Computer has automated these areas and made on-line receipting possible. As a result, each department can now access all screens at the same time.

TAX ASSESSOR

Organization

The staffing of the tax assessor's office consists of two part-time employees. An assistant assessor performs primarily clerical functions and works 25 hours per week. The assessor schedules a regular hour office presence on Thursday, performs field work and meets with the public by appointment. The cost of salaries and direct benefits was \$56,716 in 1997. Other expenditures were \$1,635.

The team performed an analysis to determine if the staffing level is appropriate for the 3,199 property parcels in the borough. The International Association of Assessing Officers (IAAO) has identified standards for staffing based upon the number of line items. For communities with 3,000-5,000 line items, the IAAO recommends a range of 15-35 hours per week for assessing personnel. For other clerical and administrative duties, the range for the borough is 10-30 hours per week. This staffing benchmark varies due to the level of development activity, appeals and other factors affecting the workload of the tax assessor. The team believes this function is appropriately staffed.

Property Valuation

The 1997 county equalization ratio amounted to 76.82% of assessed value to true value. At the time of the review, the borough was scheduled to perform a revaluation of the borough in 1999. The borough is almost fully developed, the relatively small proportion of vacant land available has precluded any significant increase in valuation through new construction. The following table illustrates the gradual decline in valuation for the borough:

1994	474,750,223
1995	473,224,578
1996	472,746,465
1997	472,236,853

The borough's valuation is distributed among the different ratable classes as follows:

Property Class	Net Taxable Value	Percentage
Vacant	5,248,000	1.11%
Residential	285,993,947	60.56%
Commercial	125,875,450	26.66%
Industrial	12,114,645	2.57%
Apartment	33,245,200	7.04%
Other	9,759,611	2.07%
Total	472,236,853	

The team noted a characteristic of the borough's housing infrastructure that reduces per capita valuation. In reviewing 1990 census information, the team noted a significant difference in the levels of homeownership between the borough and county. According to the 1990 census figures, the percentage of owner-occupied units in the borough was 49.5% as compared to 75.3% for Somerset County. In interpreting the above data, the borough's rental population, comprising over 50% of the total population, resides in structures with a taxable valuation equivalent to 11.62% of the residential valuation.

Exempt Properties

The presence of county government and hospital exempt properties has provided the borough with both economic benefits and costs. According to the Somerville District Management Association, Somerset County provides an estimated 1,200 potential customers for the central business district. The Somerset Medical Center furnishes an additional 1,000 employees and numerous admissions. These facilities provide a solid economic base for Somerville's retail businesses and employment opportunities for its residents.

The economic costs borne by the borough centers upon the substantial amount of exempt valuation. In 1997, the assessed value of these properties amounted to \$49,727,800 for the county facilities and \$68,549,700 for the hospital. The exempt status of these properties collectively represents a loss of \$5,227,865 in revenues for all local taxing entities and specifically \$1,466,641 in local purpose taxes.

Although the county and the hospital present the borough with opportunity costs in the form of properties that could otherwise be utilized by non-exempt owners, it is not certain that commercial ratables of an equivalent value would replace them. Numerous borough officials interviewed by the team acknowledged that these major exempt facilities played an important role in maintaining the vitality of the central business district.

SEWER UTILITY

Organization

The borough operates a sewer utility with policies and rates set by the borough's governing body, rather than a separate authority or commission. This arrangement is preferable because the borough does not have to pay for another separate governing body and professional services. The borough is commended for selecting this type of organization for its sewer utility.

Four full-time employees and two part-time employees are assigned to utility functions. Sewer revenue collection activities fall under the supervision of the sewer revenue collector (who also holds the title of CMFO and tax collector). Clerical staff in support of the revenue collection effort includes a part-time deputy sewer revenue collector and a part-time clerk. The deputy works 21 hours and the part-time clerk works approximately eight hours per week. The functions of the three sewer maintenance employees will be described in the public works portion of this report.

Through numerous studies, Local Government Budget Review (LGBR) has established a benchmark for efficient staffing of revenue collection. LGBR has determined a ratio of one full-time clerical employee for every 3,000 lines of billing. The borough maintains a customer-billing base of 3,449 lines across all rate categories. The borough dedicates two part-time clerical employees for this function for approximately 29 hours a week.

Financial

The borough raised its sewer rates 15% in 1993. Despite the elapsed time between the last rate ordinance and the time of the review, the utility has experienced a significant growth in ending fund balances. The borough has made significant improvements in its financial position, evolving from an operating deficit in 1994 to a year end fund balance amounting to 18% of revenues in 1997. The table below illustrates this trend:

Sewer Financial Data	1994	1995	1996	1997
Revenue	2,231,973.63	2,462,998.46	2,497,908.77	2,516,216.07
Expenditures	2,382,245.54	2,292,376.94	2,331,710.00	2,384,147.07
Excess in Revenue	*-150,271.91	170,621.52	166,198.77	132,069.00
Deferred Charges to Succeeding Yr.				13,427.11
Fund Balance (Jan. 1)	94,993.69	49,948.15	220,569.67	338,558.44
Less: Transfer to Sewer Operating Budget	45,045.54	0.00	48,210.00	32,850.00
Fund Balance (Dec. 31)	49,948.15	220,569.67	338,558.44	451,204.55

*1994 deficit carried forward into succeeding year.

Discussions with sewer personnel indicate that some of the reasons for this improved financial position involve the tightening of restrictions regarding consumption credits for customers with swimming pools and other forms of water usage not requiring sewer processing. The borough

also initiated a proactive repair program that has reduced the infiltration of storm water into the sanitary system.

The team attempted to review collection rate figures to determine if improved revenue collection was responsible for these increasing balances. The collection rate for sewer fees is not maintained by the borough or calculated in the borough's annual audit.

Recommendation:

It is recommended that the borough initiate a policy to include a sewer revenue collection rate in its statistical data section of the annual audit. A revenue collection rate is a valuable financial management tool in determining the efficiency of the borough's sewer revenue collection efforts. Additionally, decisions to adjust sewer rates should focus not only upon the rising costs faced by the utility but also on the rate of collections. Future rate increase decisions will be more informed with this data available.

Sewer Maintenance

The sewer maintenance function is part of the public works operation. Two workers and one foreman staff this function. The department used 267 staff days to provide this service. In 1997, the salaries and benefits amounted to \$42,463 and other expenses amounted to \$115,508. Sewer operations utilize two trucks consisting of one utility truck and one truck for deployment of the sewer line video camera.

In 1997, the municipality spent \$1,462,774 to process sewage at the Raritan Valley Sewage Authority. Sewer department personnel believe many residents have their sump pumps tied into the sanitary sewer system. The indication of this is the length of time that the rise in sewer flow persists after a storm.

The normal increased flow characteristics when a storm occurs is for the flow to rise during and immediately after a storm, then rapidly decline. When sump pumps are connected to the sanitary sewer system, the rise will last much longer due to the sump pumps pumping the water table back down to a static level.

The sewer camera operation has also confirmed indications of sump pumps contributing to sanitary sewer flows. This practice is very costly because the borough pays for significant volumes of storm water to be processed by the sewage authority rather than through the cost-free storm water drainage system.

In the mid-1990s an analysis of infiltration into the sanitary sewer system was estimated to be 50% of the flow. Over the past three years the municipality has engaged in an extensive program of repairing leaks in the system. The current estimate of total infiltration is 35-40%, half of this dilution flow is suspected to be sump pumps draining into the sanitary sewer. If the municipality continues with its program of proactive maintenance and implements an aggressive policy to divert sump pump flows from the sanitary to the storm water drainage system, the team estimates that the borough could further reduce present sewage infiltration by approximately 50%.

Recommendations:

It is recommended that the borough establish a program to reduce pumped inflow into the sanitary sewer system. A public information campaign should inform residents of the costs associated with this practice and what measures are necessary to correct the situation. The team has knowledge of a municipality where an ordinance had been enacted to aggressively reduce the costs associated with sump pumps. The team supplied the borough with a copy of this ordinance.

The team estimates potential savings of \$274,270 by implementing these measures. However, due to the many variables involved in determining the amount of pumped inflow, the team will not include this recommendation in the report's savings summary spreadsheet.

It is, also, recommended that the borough review the assignment of public works employees to sewer functions. The 1997 work records indicate that sewer personnel spent a disproportionate amount of time in non-sewer related activities. If this trend continues, the borough may choose to fund a greater portion of public works activities with general revenue rather than sewer utility funds.

INSURANCE

Financial

The Borough of Somerville has realized substantial savings over the past five years in workers' compensation, casualty and liability categories of insurance. Expenditures for these categories of insurance have steadily decreased from \$415,578 in 1993 to \$314,481 in 1997. Coverages maintained by the borough include, workers' compensation, property, police professional liability and public official liability.

Joint Insurance Fund

The borough recently joined a municipal Joint Insurance Fund (JIF). In selecting a JIF, the borough transitioned from conventional insurance coverage to a pooled arrangement. The relationship of the broker to the borough also changed, in that the role of the broker becomes that of a risk management consultant. The present risk management consultant for the borough is compensated through a percentage of the borough's assessment in accordance with the bylaws of the JIF.

The operating philosophy of the joint insurance funds is that municipalities must take more proactive measures to address risk issues. These risk management activities reduce the exposure of the insurance pool to claims in the current year and contain costs in future JIF assessments paid by the municipality by improving its claims history.

The borough's occupational injuries are a topic of concern with the team. The team believes that some of these injuries may have been preventable. At one point during the team's study, three officers of the 31 officer force were absent from duty due to work related injuries. With minimum staffing levels required by policy for patrol duties, overtime costs increase as other officers are recalled to duty to fill vacant positions. The borough faces additional costs through the provision in the police contract that provides supplementary payments to the injured officer while on work-related injury leave to 100% of salaries.

Recommendations:

It is recommended the borough fund risk management services through a set fee contract rather than a percentage of assessment. This new relationship would insure that recommendations regarding insurance and risk management issues are made in an independent manner. The borough should review the JIF bylaws to determine if it is permissible to appoint a borough official as a risk manager and provide a separate contract for risk management services.

It is recommended that the borough take a more proactive role in preventing workers' compensation injuries through greater emphasis on safety training, particularly in the areas of public safety.

PUBLIC WORKS

Organization

The public works department has 18 full-time employees and two summer employees. Sewer maintenance functions are integrated into the department's scope of responsibility. The public works manager operates out of an office located on the second floor in borough hall. The employees of public works report to the public works garage and are under the daily supervision of the general foreman. Public works is organized into four major divisions consisting of roads, parks, signs and sewers, and vehicle maintenance.

Financial

The cost of public works services, including costs for the sewer maintenance employees, was \$1,105,794 in 1997. Of this total, the borough spent \$655,754 for salary and wages, \$192,920 for direct benefits and \$257,120 for other expenses (excluding sewage processing fees).

Management Control and Reporting

The team found the workforce to be very flexible in meeting the wide-ranging needs of the community. This is a very important asset in smaller communities where economies of scale do not exist to make the specialization of tasks cost effective.

As is typical of many public works departments, the management team often faces a wide array of routine and unscheduled events which require prioritizing of essential tasks and deferring other less pressing activities. The team felt the management team in public works was very skilled in meeting these challenges. The team's observations of the borough's operations reflects a well-organized and focused public works effort.

Safety equipment is issued and each employee must sign for what is issued. Safety policy requires the use of safety equipment. Safety training is done on an ad hoc basis. Commercial driving licenses are verified yearly with the police.

Public works uses a time clock to record hourly attendance. Employees are required to punch their timecards to record the beginning and end of each shift. The team observed that employees consistently punch the time clock and report for duty before the scheduled start time. The general foreman is responsible for assigning daily tasks to the workforce. Deployment for the day's mission is done quickly and effectively with a minimum of unproductive time before the crews depart for their assigned fieldwork.

The team did have concerns over the amount of unproductive time between the return to the public works garage and the release from duty. At the end of the day, field employees were observed on many occasions to be cleaned up and waiting 15 to 25 minutes before it was time to punch the clock at the end of the day. This occurred while employees, whose primary function is to work at the facility, were still working until the end of the workday.

While it is not realistic to predict the exact amount of time required completing any field operation, this consistent early termination of fieldwork indicates inadequate work controls and/or scheduling. At the very least, the supervisors should schedule equipment or building maintenance projects for crews that return to the garage before the workday is finished.

The cost of losing 20 minutes per day for the 15 employees who go to the field on a regular basis is 162.5 staff days or \$26,355. This is equivalent to two thirds of one full-time employee.

Recommendations:

It is recommended the borough more effectively plan the daily field tasks of employees to reduce the amount of unproductive time at the end of the day. In addition to better planning of field assignments, the team recommends an ongoing operator-level maintenance plan for vehicles, tools and other equipment to occupy any unscheduled time that may arise from early completions of field assignments. These tasks will improve the condition of the borough's equipment and extend the service life of capital equipment. Understanding that it is impossible to plan every minute of the workday, the team believes it is reasonable to reduce this unproductive time by at least 50%.

Productivity Enhancement: \$13,177

Distribution of Work Load

Records of staff days used for each function are kept manually by the general foreman. A review of these records indicates that 99% of the work time is documented. Work time that is unaccounted for appears to be consumed by administrative matters, oversights or recording errors. The current format accounts for 12 major categories of activity, with sub-categories in several areas.

The daily work record indicates that the work hours expended by public works were distributed in the following fashion:

	Absent (leave)	Recycle	Leaves & Brush	Trees & Stumps	Road Repair	Equip. Repair	Street Signs	Sewer	Parks	Street Sweep	Snow	Boro. Hall
Jan	68	19	56	10	36.5	45.5	52	30	55	5	3	1
Feb	50	17	37.5	4	50.5	38.5	46	28.5	45.5	17	0	0
Mar	36.5	19	38.5	31	34.5	45	52.5	21.5	58.5	11	4	7
Apr	75	19.5	60.5	23	6	42	45	36	66.5	18	0	7
May	98.5	18	57.5	6	17	35.5	59	12	85.5	20	0	4
Jun	87	19.5	34	13	37	38	51.5	16.5	97.5	15	0	4
Jul	91	15	109	21.5	10	34.5	29	13	90.5	20	0	4
Aug	102	11.5	43	22.5	17	29.5	55	17	58	22	0	1.5
Sep	60	63	30	9	29	36	38.5	27	55.5	21	0	7
Oct	51.5	25.5	88.5	9	44.5	40	49	26	56	23	0	3
Nov	29	16.5	84	13.5	5	33	32	10	46	15	0	3
Dec	44	21.5	111.5	7	4	31	41.5	29.5	46	19	0	3
TOT	792.5	265	750	169.5	291	448.5	551	267	760.5	206	7	44.5

Paid Leave

In 1997, absenteeism, in the form of paid leave, consumed more staff days than any other single function of the department. This category includes holidays, vacation, personal and sick days. The total paid leave in the department amounted to 792.5 days or an average of 44 days per paid employee. The value of paid leave taken by department employees are as follows:

Vacation	\$64,261
Personal Days	\$9,836
Holidays	\$42,624
Sick Time	\$26,621
Total Paid Leave	\$143,342

The department experiences substantial losses in productivity due to excessive sick leave usage. The historic record of sick time accumulated indicates that in 1997 there were eight employees who averaged thirteen years of service and had accumulated no sick time. There were another four employees who had a cumulative 37 years of service and accumulated a combined balance of only 11 sick days or approximately one year's allotment. These two groups represent 85% of the non-supervisory workforce. In 1997 the average number of sick days used by the non-supervisory workforce was 10.9 out of an annual allotment of 12 days. A review of sick leave usage patterns of some employees indicates probable abuse. These patterns are more fully explained in the negotiated savings portion of this report.

Recommendation:

It is recommended that management strive to reduce the average number of sick days used. The team has surveyed other municipalities and found public works departments with averages of less than seven days lost time due to sick leave. A seven day goal may be achieved by management making phone checks of employees on sick leave and exercising additional scrutiny when sick days are taken in conjunction with weekends or other scheduled leave. If the borough were to reduce sick leave to seven days, the department would see a productivity gain of 58.5 workdays.

Productivity Enhancement: \$9,302

Recycling

The borough maintains a recycling drop off point at the public works maintenance facility. This function is a holdover from when the municipality performed this function in-house. The borough currently contracts with Somerset County for curbside collection of recyclable material.

The county recycling contract is a cost-effective method of providing this service, making the in-house recycling function unnecessary. The daily work record indicates that 265 staff days were used for this work. Of this amount, 42 staff days, with a salary and benefit cost of \$6,695 and an estimated other expense cost of \$1,470, were used for the annual special collection. The remaining 223 staff days, with a salary and benefit cost of \$35,584 and estimated other expense of \$7,805, were used for the traditional recycling drop off point.

Recommendation:

It is recommended the borough eliminate this recycling drop off point since it is duplicative of the county's curbside recycling service. Doing this would allow the borough to eliminate one full-time position or dedicate the employee to other public works activities.

Cost Savings: \$43,389

Leaves & Brush

Due to the abundance of tree lined streets in the borough, the department expended 749 staff days in 1997 to remove leaves and brush. The salary and benefit cost for this service is \$119,091. The capital cost for three trucks and two leaf-vacuums is estimated to be \$140,000 for ten-year assets or, approximately, \$14,000 per year. An estimate of other expenses is \$26,250.

Recommendation:

In those areas of the municipality where it is feasible, the borough should encourage the on-site composting of the vegetative waste that originates on private property. Some communities have provided compost bins at cost to those residents who participate.

Trees & Stumps

The department removes trees on municipal property that are causing problems for the homeowners or the municipality. In 1997, the department used 169.5 staff days at a salary and benefit cost of \$26,951 to perform this function. Other expenses are estimated to be \$5,933. The department has had difficulty with pruning roots that intrude into sewers and undermine sidewalks. A number of trees with pruned roots have fallen over, causing the department to initiate a policy of removing trees rather than pruning roots. This policy was unacceptable to

several groups in the community. In response to these concerns, the municipality has recently instituted a policy of allowing residents to redirect the sidewalks to be clear of tree roots at their own expense.

The borough is commended for accommodating the aesthetic concerns of residents with the need to maintain its pedestrian rights of way.

Recommendation:

It is recommended the borough attorney review this arrangement to ensure the municipality's liability exposure is properly addressed.

Road Repair

The department does patching on an as needed basis. In 1997, there were 291 staff days used for the work category road repair. The salary and benefit expense for these functions were \$46,269. Due to a commingling of other categories of expenses with road repair expenditures, the team was unable to determine a material and equipment cost for this function. In light of the expenditures already identified, the team believes this expenditure level is appropriate.

Bulk Item Pick-Up

Included in the road repair operation is the bulk collection function. Residents are required to purchase stickers to be attached to those items for pickup. In 1997, \$12,696 in revenue was generated from the sale of stickers for this special pickup. This operation requires two personnel each week for one half a day on the average. The total cost of this function was \$12,442, not including the cost of supervision or other administrative functions. The salary and benefit cost for this function are \$8,268, other expenses are \$1,820, and vehicle expenses are \$2,354.

The cost required to deploy a crew for half a day and then re-deploy them for the rest of the day represents approximately two hours of non-productive time per day. This collection is done on a schedule rather than when there is sufficient material to deploy a crew and a vehicle for an entire day. If this function were reorganized to be performed once every other week or when there are enough requests for collection to assign a crew for an entire day, a 25% productivity enhancement could be realized. This is equivalent to 13 staff days or \$2,067 in salary and benefits plus more productive use of equipment. This system could function as follows; if residents called in and were placed on a waiting list, they would be notified when the accumulation of work justified the assignment of a crew for an entire day's pickup.

The borough may also elect to designate the first Monday of each month as the collection day and continue pick up on subsequent days if the workload exceeds a full day. Using these scheduling methods, the staff time allocated to this function could be reduced.

Recommendation:

Reorganize this function to be done when it is most productive to deploy a vehicle and crew.

Productivity Enhancement: \$2,067

Street Signs

The department used 551 staff days to replace, repair or erect signs in 1997. This function is organized and staffed within the sewer operation. Discussions with the staff indicate that this allocation of time dedicated to signs is not typical in that the borough had embarked on a large-scale sign replacement plan in that particular year.

The salary and benefit cost in 1997 were \$87,609; signs, \$4,624; and other expenses, \$19,285. Equipment cost is included with the sewer operation.

Parks

The department maintains five parks, four pools, eight baseball fields, four soccer fields, two football fields and two tennis courts. The parks appear to be clean and well maintained. This function requires 760.5 staff days, at a salary and benefit cost of \$120,920. Other costs associated with these functions are estimated to be \$26,618.

Street Cleaning

This function is cost effective when compared to what this service costs in the market place. The department has one street sweeper and one operator. In 1997, the department spent 206 staff days sweeping streets. The entire municipality was swept approximately 41 times and the main street in the central business district was cleaned 206 times for a total of 1,524 miles.

The value of street sweeping equipment is approximately \$125,000 or \$12,500 per year for this ten-year asset. Vehicle maintenance and other expenses are \$14,030 per year. The salary and benefit cost for street sweeping operator is \$40,840. This service costs the municipality approximately \$46 per mile.

During the course of previous LGBR studies, a range of \$28-\$102 per mile has been identified for private street sweeping contracts. The main variables in determining contract prices are the mileage and frequency of street sweeping. The team has determined that the high level of mileage and frequency for the borough makes this an appropriate in-house function.

Snow Removal

Due to the mild winter of 1997, only seven staff days were expended for snow removal. The salary and benefit expense was \$1,113 for this function and other expenses were \$105. During the review, the team's observation of the public works mobilization for the removal of storm debris and road clearance indicated a very effective response to the unscheduled event.

Borough Hall

The department provides maintenance support for borough hall. In 1997, this activity consumed 40.5 staff days at a salary and benefit cost of \$6,440 and other expenses were \$1,435. The team found the condition of the building to be acceptable and the operation to be cost-effective in relation to other municipalities and commercial cleaning contracts.

Facilities

Public works facilities consist of an administrative office at borough hall and a garage located off site. The garage facility is adequate for maintenance and the storage of small equipment. Road vehicles and snow equipment are stored outside the garage in the public works yard. Discussion with staff members indicated that the borough has considered the construction of a pole barn structure to house the public works vehicle fleet, however, this plan was not implemented due to cost.

Office space in the public works garage is limited, requiring the public works manager to be located at borough hall, with the foreman providing on site supervision of the workforce. Despite operating out of two locations, the team feels that the workforce is effectively supervised.

Recommendation:

The team recommends the borough construct an inexpensive pole barn building to reduce the negative effects of weather on the borough's equipment. The increased operational readiness of the fleet, coupled with the extended service life, will essentially pay for the capital cost of the structure.

Fleet Maintenance

The borough's vehicle maintenance division maintains 21 public works vehicles and nine other vehicles assigned to other departments. Maintenance on police vehicles is performed under a contract with Somerset County. Staffing for the public works function is a mechanic and an assistant mechanic. A review of the daily assignment roster indicated that a total of 448 staff days were used for equipment and vehicle maintenance. The team's observations of the condition of the vehicle fleet indicate that the borough receives high quality work from its maintenance staff.

The team determined that the total cost to perform this function was \$128,252. Of these costs, salary and benefits for the two employees amounted to \$91,902 and other repair expenses totaled \$36,350. From its field interviews and reviews of records, the team determined that approximately 75% of the staff hours were spent on vehicle maintenance and 25% on other equipment repairs. Using this distribution of staffing hours, the team determined a cost of \$96,189 for the maintenance of 30 vehicles. The team then determined an annual maintenance cost of \$3,206 per vehicle for the borough's civilian vehicle fleet.

The basic problem with the borough's maintenance effort is the size of the staff in relation to the size of the fleet. The team's analysis of public works operations throughout the state indicates that municipalities of this size do not have sufficient numbers of vehicles to achieve a sufficient economy of scale to perform cost-effective maintenance. The team compared the borough's maintenance costs with Somerset County's contract services with other municipalities. The annual vehicle maintenance cost for the borough's police vehicles amounted to \$1,185. The team also examined county contracts for heavier public works vehicles in neighboring communities and found a yearly cost of \$1,345 per vehicle. If the borough were to have a similar contract with the county for its civilian vehicles, the cost of fleet maintenance would be reduced to \$38,910.

Recommendation:

It is recommended that the borough contract with the county for the remainder of its vehicle fleet maintenance. This action would allow the borough to eliminate one and a half full time equivalent positions. Discussions with neighboring municipalities indicate a high level of satisfaction with the quality of work performed by the county. The borough would still require the staffing equivalent of half of a full-time employee to perform maintenance on power tools and other equipment and rigging work for snowplows and other specialized equipment.

Cost Savings: \$57,272

Interlocal Service Agreement

In 1997, the borough executed an interlocal shared service agreement with Somerset County and neighboring municipalities for the use of public works equipment. The agreement provides a framework for shared services by providing an inventory of equipment and a fee schedule to neighboring municipalities for the use of borough equipment. This arrangement gives communities additional options in determining whether to purchase capital equipment, contract with a private vendor, or utilize equipment of the county or neighboring municipalities through this agreement.

The borough is commended for seeking additional ways to reduce costs through shared services.

POLICE

Organization

At the beginning of 1997, the Somerville Police Department consisted of 31 sworn officers and six civilian personnel. The rank structure of the sworn officers consists of a chief, a captain, two lieutenants, five sergeants, three detectives and 19 patrol officers. This represents a span of control ratio of one supervisor to 2.5 officers. The civilian personnel include three dispatchers, a secretary, a clerk typist and a parking enforcement officer.

Financial

In 1997, the cost of salaries and benefits for the police department amounted to \$2,577,280. Other expenditures amounted to \$189,342. In 1997, the department expended \$177,367 on 3,133.5 hours of overtime.

Overview

It is the opinion of the team that the borough has a very talented and dedicated police department. The leadership in place is very professional and provided the review team with detailed and well-organized management information. Interviews with line officers and observations of their operations confirmed a similar commitment to professionalism and service.

Somerville experiences a crime rate that is significantly higher than Somerset County. According to the chief, there is a small section of the borough that experiences substantial illegal drug traffic. Some residents in the community attribute the higher crime rate to the borough's role as the county seat and as the main recipient of group homes in the region. No statistical evidence exists to support or refute this claim.

Compared to the state crime rate, however, the borough is fairly typical, experiencing a slightly lower violent crime rate and a marginally higher nonviolent crime rate:

	Violent Crime Rate	Non-Violent Crime Rate	Crime Rate
Somerville	3.3	42.1	45.5
Somerset County	1.3	24.6	25.8
New Jersey	5.0	35.9	40.9

Patrol

The bulk of the department's sworn strength is assigned to the patrol function. The primary role of the patrol division is to respond to calls for service and maintain a patrol presence in the community. The patrol division is commanded by a captain and is composed of five platoons. Each platoon consists of one sergeant and four patrol officers. However, during the review one platoon had only one sergeant and three officers assigned, due to an unfilled vacancy.

The patrol division operates on a system of rotating platoons in a modified four 10 hour days on, three days off schedule. During weekdays, two platoons work 10 hour shifts and one platoon works an eight hour shift and during the weekends all three platoons work 10 hour shifts. The schedule was negotiated into the labor contract with the police. Every day, three platoons are scheduled to work and two platoons are scheduled off duty.

The modified 10 hour shifts in the present schedule require that the three platoons are working a total of 28-30 hours in a 24 hour day. This system of scheduling generates four to six hours of overlapping shift coverage each day. The team reviewed hourly summaries of patrol activities and determined that the overlapping of shifts are not fully justified by call for service (CFS) data.

The team generated several scheduling scenarios utilizing workload data from the police department. Several scheduling possibilities offer advantages over the present system in the form of greater management flexibility and officer availability. An operational advantage of the conventional eight hour 5-2 (days on/days off) schedule is that officers can be permanently assigned to a shift, thereby giving the department flexibility to staff a shift to specifically meet CFS demand. Another advantage of the 5-2 shift is that only 28% of the patrol strength are scheduled off duty on every average day. By contrast, the 10 hour 4-3 schedule has 40% of its patrol staff unavailable when two of the five rotating platoons are scheduled off duty. The disadvantage of the 5-2 schedule is that officers have less time between work cycles to rest and recover from the stresses of work.

A 12 hour 4-3/3-4 schedule would reduce the number of shifts each day from three to two. The advantages of this schedule include greater officer availability and a more efficient utilization of the patrol strength through the deployment of four platoons rather than five. Another advantage for line officers is that the schedule gives them an additional 34 scheduled days off with no reduction in patrol coverage by the borough. A disadvantage is that the longer shifts may cause fatigue in the patrol ranks, resulting in diminished productivity. The team feels that fatigue would not be a significant factor in the borough, given the particular composition and size of its workload.

The table on the next page illustrates the advantages of the alternative staffing plans in relation to the current schedule:

Borough of Somerville Patrol Scheduling Scenarios

5-2 Schedule		Current Schedule		4/3-3/4 Schedule	
A1 # Days In Cycle (5-2 / 5-2)	14	A1 Days in Cycle	35	A1 # Days In Cycle	14
# Hours Worked/Cycle (8*10)	80	# Hours Worked/Cycle (8*10)	200	# Hours Worked/Cycle (12*7)	84
A2 # Cycles Per Year (365/14)	26.07	A2 # Cycles Per Year (434.52/35)	10.43	A2 # Cycles Per Year (365/14)	26.07
A3 Hours Worked Per Year	2086	A3 Hours Worked Per Year	2086	A3 Hours Worked Per Year	2190
A4 Hours Not At Work:		A4 Hours Not At Work:		A4 Hours Not At Work:	
-Sick	45.58	-Sick days)	45.58	-Sick	44.58
-Vacation	165.65	-Vacation	165.65	-Vacation	165.65
-Personal	26.57	-Personal	26.57	-Personal	26.57
-Other (Administrative, Training	81.50	-Other (Administrative, Training)	81.50	-Other (Admin, Training, Adjust)	191.50
TOTAL	319.3	TOTAL	319.3	TOTAL	428.3
A5 Actual Hours Worked/Year	1766	A5 Actual Hours Worked/Year	1766	A5 Actual Hours Worked/Year	1762
B1 -Morning Beats (Minimum)	5	B1 -Morning Beats (Minimum)	5	B1 -Morning Beats (Minimum)	5
-Afternoon Beats (Minimum)	5	-Afternoon Beats (Minimum)	5	-Afternoon Beats (Minimum)	0
-Evening Beats (Minimum)	5	-Evening Beats (Minimum)	5	-Evening Beats (Minimum)	5
-AVG. # Of Beats Per Shift	5.00	-AVG. # Of Beats Per Shift	5.00	-AVG. # Of Beats Per Shift	5.00
Hours Needed To Cover Beats (Avg. Beats*8 Hrs.*3 Shifts*365 Days)	43800	Hours Needed To Cover Beats (Avg. Beats*9.5238 Hrs.*3 Shifts*365 Days)	52143	Hours Needed To Cover Beats (Avg. Beats*12 Hrs.*2 Shifts*365 Days)	43800
C1 Total # of Patrol Off. Required	24.80	C1 Total # of Patrol Off. Required	29.52	C1 Total # of Patrol Off. Required	24.86
Current Patrol Staffing	24	Current Patrol Staffing	24	Current Patrol Staffing	24

Recommendations:

It is recommended the borough work with labor counsel to remove the scheduling provision from the collective bargaining agreement with uniformed police officers. It should be a management prerogative to adjust schedules in a manner that provides the maximum protection to the public with available resources. In a small department with limited staffing, it is imperative that management be afforded maximum flexibility to deploy its patrol strength for effective public safety.

The team recommends the borough replace the present schedule with a 12 hour 4/3-3/4 (days on/days off) schedule. A major advantage of this is the deployment of four platoons rather than five, thereby increasing the patrol coverage of each shift by 20%. This reduces the number of supervisory positions from five to four, allowing the borough to downgrade one sergeant position to a patrol officer through attrition. In the case of Somerville, the borough could deactivate the under-strength (four-officer) platoon and redistribute its personnel to the four remaining platoons.

In addition to providing expanded patrol coverage to the community, the new schedule would also have the effect of reducing the single greatest cause of overtime for the department, manpower shortages. In 1997, the team estimates that overtime arising from manpower shortages cost the borough \$97,693. In the patrol division, four patrol officers constitute the minimum safe staffing level in a four or five member platoon during the day and evening shifts and three officers during the late night/early morning hours. Adding an additional patrol officer to a five member platoon increases the margin of patrol strength before requiring the recall of officers to fill in for manpower shortages caused by scheduled and unscheduled absences. The team conservatively estimates that approximately 50% of this overtime cost can be reduced through this rescheduling.

The team examined the effect of this proposed schedule on police operations in a similar municipality that has adopted this schedule. Interviews with police administration and line officers indicated a high level of satisfaction with the proposed schedule. The team feels that, with the CFS demand in the borough, the patrol force will not experience excessive fatigue that will hamper the efficiency of the department.

The 12 hour schedule expands the hour of the working year for police officers. To adjust the schedule to bring officers to a standard working year of 2,080 hours, the team recommends that selected officers working 2:00 p.m. – 8:00 a.m. shift be released from duty to reduce the total hours per year to a standard year. During this shift, three officers are sufficient to handle the call demand. This would allow the borough to implement the schedule without incurring costs for working in excess of the standard work year.

Additionally, the team recommends that the current leave allocations be converted to hours, instead of days, in order to maintain a high level of officer availability and equity in benefits.

**Productivity Enhancement: \$351,550
(Expanded patrol coverage through the reassignment of a sergeant
and three patrol officers to other patrol functions.)**

**Cost Savings: \$48,846
(Reduction in overtime)**

Patrol Staffing

A widely discussed issue throughout the borough is the appropriate staffing levels of police officers to adequately serve the public. Since patrol is the central function of the department and consumes the most personnel, a patrol analysis is required to make an informed decision.

This topic necessarily balances concerns for the public safety with the high personnel costs associated with the hiring of each officer. An analysis of salaries and direct benefits indicated that a sworn officer assigned to patrol division cost the borough an average of \$75,849 in salaries and direct benefits in 1997.

There are several formulas used to calculate the minimum required staffing levels for patrol functions. The most common formula is used by the International Association of Chiefs of Police (IACP). The basis of this formula is the yearly calls for service (CFS) received by the department. During the course of the review, the Division of Criminal Justice (DCJ) conducted a modified IACP staffing study for the patrol division of the department. Utilizing data furnished by the department, the report recommended a minimum patrol staffing level of 25 under the current staffing system and 23 officers if patrol officers are no longer assigned to dispatching duty.

There is discussion as to whether to include supervisory employees as responders to calls for service. The rationale behind the excluding of supervisors is to allow them sufficient time for administrative functions and to give them the ability to exercise command and control over serious incidents. In small municipal police departments, this optimal separation of supervisory and patrol functions does not allow for the cost effective deployment of supervisors in light of their limited span of control over relatively small numbers of patrol elements.

Given the small size of the department and the presence of the patrol captain or the administrative lieutenant during times of peak CFS traffic, the team feels that the complement of sergeants should be included in patrol strength calculations. Extraordinary incidents that may arise can be addressed through these very capable, senior officers. The CFS during the late night and early morning hours are so greatly reduced compared to the day time and evening hours that the patrol sergeant can in all probability exercise greater supervision and not be burdened with responding to calls for service.

Recommendation:

The team believes that the patrol function is appropriately staffed. Additionally, the team concludes from its analysis that the manpower shortages and resulting overtime are not the result of an under-strength department but rather the utilization of a patrol schedule that does not efficiently deploy their patrol force to the time needed for appropriate safety and service.

Criminal Investigation

A lieutenant commands the criminal investigation division consisting of three detectives. Two detectives are assigned to investigations and one detective is assigned to the juvenile bureau. In addition to his regular duties, the detective assigned to the juvenile bureau sometimes assists in adult criminal investigations. Given the UCR statistics for the borough, the team feels that the unit is appropriately staffed and run efficiently for the workload faced by the division. A review of division records indicates a clearance rate of greater than 50% as compared to the state average of 21%.

Dispatching

At the time of the review, the borough employed three civilian dispatchers out of a total of five dispatchers required to staff the function. The civilian dispatchers did not cover weekend or Monday evenings when uniformed sworn officers were required to staff this function. In 1997, sworn officers worked dispatching functions at a salary and benefit cost of \$124,527, if civilian dispatchers were utilized in this role, the cost would be \$48,381.

If the county were to provide dispatching services, the savings to the borough would be significant. Based on a past analysis of county dispatching workloads, the team has determined that counties providing dispatching services to municipalities achieve an economy of scale not realized by small municipalities. The borough's 8,752 calls for service require each dispatcher to process approximately one call per hour. By contrast, counties providing dispatching services to municipalities have dispatchers process an average of 6.2 calls per hour. In aggregate terms, a borough dispatcher answers 1,750 calls per year as opposed to an 11,051 call workload for a typical county dispatcher. Using this ratio, borough's dispatchers work at 16% of the capacity of a county dispatcher. Based upon this wide disparity of calls for service, the team concludes that the borough would achieve significant savings if this function were transferred to the county.

Recommendations:

It is recommended that the borough transfer its dispatching functions to the county. This action would eliminate at least three civilian dispatching positions and return sworn officers to a more appropriate law enforcement function.

There are genuine concerns about maintaining a police presence during hours in which there are no personnel physically located at the police station to accommodate walk-in traffic. There are several methods that can be utilized to address these concerns:

- 1. Install a phone connection to the county dispatch center at entrance of police station. Officers on patrol can be dispatched to meet the individuals at the police station.**
- 2. Hire a part-time referral person with no benefits to staff police station during peak walk-in times when there are no police personnel on duty.**
- 3. Post an illuminated map of the borough at the entrance to police station entrance to assist motorists with directions to street locations in the borough.**

Cost Savings: \$212,198

Crossing Guards

The borough contracts with a private vendor for this service. The contract specifies that bidders' staff 14 posts and provide a supervisor. In 1997, the vendor had problems meeting the required staffing in the contract and was penalized in accordance with the contract. During the review, the vendor was replaced by a new contractor and performance has been deemed adequate to date.

The previous contract had an hourly rate of \$16.80 per post with the supervisory cost included in this amount. In the next contract, the number of posts was increased to 15 at an hourly rate of \$14.45. This additional post was in response to community concerns over the safety of school children at a particular intersection. Discussions with police officials indicated that this additional post was unnecessary because a nearby post at the next intersection could accommodate the three children who utilize the new crossing post. This extra post cost the borough \$6,284 or \$2,095 per student. Despite the addition of a new crossing post, the new contract's reduction in rate saved \$2,062 in the total contract price as compared to the previous agreement.

Recommendation:

The borough should direct the police department to evaluate the location of all necessary crossing posts and require students to cross at these intersections. Another means of providing coverage for underused intersections is to equip a roving guard with a vehicle to cover multiple posts. Students should be instructed to cross these intersections only when a roving guard is present. The borough could utilize its DARE officers to include traffic safety lessons in its instruction. The team believes the borough may eliminate one of its posts through the use of a roving guard.

Cost Savings: \$6,284

Parking Enforcement

Revenue collected from parking meters amounted to \$96,510 in 1997. The borough has one parking enforcement officer who works 8:00 a.m. to 4:00 p.m. Monday through Friday. The parking enforcement officer's other duties include filling in for absent crossing guards, vehicle transfers, and reporting possible violations of municipal codes. In 1997, the officer issued in excess of 8,000 summonses for parking violations with a fine of \$10 per ticket for a total of approximately \$80,000 in additional revenue.

The municipal parking meters are not patrolled on weekends, evenings or when other non-enforcement duties are performed. Meter enforcement is in effect approximately 35 hours per week. If a part-time enforcement officer was hired to patrol meters during hours not covered by the borough's present officer, the borough would realize an additional 25 hours of meter coverage. This would represent a 70% increase of present coverage and result in an estimated \$56,000 in additional fines. The borough would also realize an undetermined amount of meter revenue as the increased enforcement efforts would motivate members of the public who previously did not pay for parking to deposit money into the meters. The cost of a part-time employee with no health benefits at \$12 per hour would be approximately \$20,000.

Recommendations:

It is recommended the borough hire a part-time parking enforcement officer to expand the hours of coverage for the meters.

Revenue Enhancement: \$36,000

The team also recommends a one dollar increase in parking fines. The present fine of \$10 is below average as compared to municipalities surveyed by the team.

Revenue Enhancement: \$8,000

EMERGENCY MEDICAL SERVICES

Organization

The borough is fortunate to have volunteers perform emergency medical services (EMS) and rescue operations. The First Aid and Rescue Squad of Somerville, NJ is the second oldest rescue squad in the State of New Jersey and began their 70th year of service in 1998. The volunteer organization is independent from the borough and is governed by a president, a vice president, a treasurer and a secretary. The personnel are divided into two functional divisions, an EMS section and a rescue section, with some volunteers working in both divisions.

The EMS squad consists of 26 emergency medical technicians, three crew assistants/drivers and two cadets. The EMS division is organized into one day crew performing ambulance runs during normal business hours from Monday – Friday and six night crews that operate during nights and weekends. The squad has two ambulances and is in the process of outfitting a mass casualty incident trailer that can be deployed to any major emergency situation.

The rescue division consists of 12 rescue technicians and is equipped with one heavy rescue truck. The division has the capability to perform a wide variety of missions including confined space rescue, high angle rescue and water operations.

Workload

Discussions with the squad indicated that they were sufficiently staffed to respond to the borough's demand for emergency medical services. In 1997, the squad responded to 1,270 total calls with the following classifications of service:

Medical Emergencies	634
Fires	192
Heart and Breathing Emergencies	221
Accidents	97
Standby	48
Non-Emergencies	42
Maternity	30

The squad appears to have no problems recruiting volunteers. During the year, the squad recruited and trained seven new members. New members must go through a probationary period with the squad and attain the necessary certifications before being assigned as a full member.

Financial

The borough contributed \$27,000 to the squad in 1997. The squad's fundraising efforts collected an additional \$32,147 to fund its operations. The opportunities for additional revenue through billing are limited. Given the vitality of the volunteer organization, the need for creating a separate municipal squad for the purpose of billing is questionable.

Additionally, a benchmark established throughout the state generally requires at least 1,000 billable calls per year to make billing a cost-effective option for municipalities. An analysis of the borough's workload indicates that the borough has not attained the threshold number since approximately 300 calls are probably not billable.

COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in an effort to provide the borough with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval will be required by appropriate judiciary personnel.

Overview

The Somerville Municipal Court has weekly sessions in the neighboring municipality of Raritan. Until 1988, municipal court sessions were conducted utilizing the Somerset County Courthouse, which is one-quarter of a mile away in the administration building. Renovations forced court operations to locate in the neighboring Borough of Raritan.

Staffing

A part-time judge and three full-time personnel staff the Somerville Court: a court administrator, a first deputy court clerk and a deputy court administrator. Prior to 1997, there were four full-time employees. A November, 1996, resignation led to the current situation in which part-time temporary agency employee is used to process parking tickets. This part-time help has largely been funded by "The Parking Offenses Adjudication Act" N.J.S.A. 39:4-139.2 et seq.

Court personnel are not authorized to receive overtime. As a result, the court personnel are required to use compensatory time, which causes a reduction of staff during normal business hours.

Financial

In FY 1997, the Somerville Municipal Court collected \$612,357 in revenue. The borough retained \$366,583 of this revenue and the balance was disbursed to the state and Somerset County pursuant to statutory formula and surcharge requirements. In 1997, the cost for salaries and direct benefits was \$144,458 and the cost for other expenses was \$17,356.

1997 rental payments for the use of the Raritan Borough Court were \$12,675.

Automation

The court administrator uses the Automated Traffic System/Automated Complaint System (ATS/ACS) under the jurisdiction of the Administrative Office of the Courts in Trenton. All municipal court information is accessed online via modem.

Court Sessions

The borough holds court every Thursday evening from 7:00 p.m. until 10:00 p.m. or until the disposition of scheduled court cases. The court session started promptly and was conducted in an orderly and professional manner. The courtroom was quiet and free of disruption.

Courtroom Security

The police department provides courtroom security in addition to the transporting of inmates from the Somerset County Jail. Male and female inmates are transported separately in county vans on loan from Somerset County for this purpose.

The AOC requires that a permanent protective window be installed at the violation bureau as a precaution against theft and assault. The Raritan Borough Court Facility has an area for payment of fines, which is separate from the courtroom as per AOC requirements.

Caseload and Statistical Analysis

Statistics regarding the workload for the court system indicates a very efficient operation in relation to the assigned staff. In 1997, there were 16,267 traffic and 690 criminal cases disposed for a total of 16,957. The monthly caseload per employee is 404. The benchmark, which LGBR has established, is a caseload of 160 per employee. The court staff is functioning at well above average.

The traffic charges "disposed of" compared to those "added" during the year were 102.73%. Likewise, the criminal offenses "disposed of" compared to those added were 95.3%. Both are excellent disposition rates. For the period from July, 1997 to June, 1998, Somerville Borough was first among the 21 municipalities in Somerset County for the total number of cases added and disposed.

Time Payments

From time to time defendants are unable to pay fines assessed in court. In such cases, the judge may allow a defendant to make periodic payments. These payments are called "Time Payments." In many courts, time payments become delinquent requiring aggressive follow-up by the court staff. In reviewing the time payment accounts of the

Somerville Court, the team found that time payments are growing. In reviewing the period from January, 1997 to December, 1997, time payments grew from \$101,587 to \$122,884.

Recommendation:

It is recommended the borough apply to the AOC for participation in the Comprehensive Enforcement Program (CEP). This pilot program is an effort by the state probation department to take additional measures to enforce the payment of fines. The cost to participate in CEP is 25% of the collected fines. Due to the many variables involved in collection efforts, the team cannot accurately estimate the additional revenues generated by this recommendation.

FIRE

Organization

The fire department consists of 102 volunteers, of whom 80 are on active status. Volunteers must respond to 60% of calls to maintain an active status. The department is organized into four volunteer fire companies. The chain of command for each company consists of a chief, a captain and two lieutenants. The department's rank structure is drawn from the four company chiefs; on a two year rotation the company chiefs assume the duties of department chief, first assistant chief, second assistant chief and deputy chief.

The department issues fire fighting gear to its members. The firefighters are allowed to keep their gear at their homes, giving them the flexibility to respond to fires without first going to the station.

In addition to the volunteers, the department is assisted by a cadre of two municipal employees who perform various duties involving both fire and non-fire activities for the borough. The function of these employees within the fire department consists of the maintenance of fire apparatus and other equipment, fire alarm maintenance, fire records, correspondence and board minutes. Their non-fire duties include parking meter repairs and collections, traffic signal repairs, erection of banners and an assortment of other activities as needed by the borough. There are no records detailing the hours expended on the various activities performed by these employees.

Recommendations:

The borough should require that the two full-time employees maintain detailed records to document the hours spent on each activity. This documentation will allow the borough to determine the cost of each function and whether these functions are appropriately staffed.

In addition to better documentation of these activities, the borough should consider incorporating these individuals into the public works department. Many of the functions performed by these individuals are public works related and given the detailed activity records of the department, their work schedules could be more efficiently managed and coordinated.

Workload

The department responded to 337 calls for service (CFS) in 1997. Two calls were for structure fires and the vast majority of the response of calls was for good intent calls (alarm activation). The following table details the department's CFS history:

Good Intent Calls	214
Standby Coverage	40
Room and Contents	10
Dumpster Fires	14
Brush Fires	14
Malicious False Alarms	11
Elevator Emergencies	14
Outside Fires with Value	2
Structure Fires	2

Financial

In 1997, the borough spent \$147,126 on fire-related activities. The major categories of expenditures include salaries \$47,014, new equipment \$18,712, apparatus repair \$17,432, rent \$19,800, training \$7,405, equipment repair \$5,114 and telephone \$4,218. In addition to operating costs, the borough paid \$118,819 for fire hydrant services.

Fire Apparatus Maintenance

The two full-time employees perform most of the maintenance on the fire apparatus. The department operates seven vehicles consisting of four pumper apparatus, one ladder apparatus, a bucket truck and a utility van. The bucket truck and utility van are used by the full-time employees for both their fire and non-fire related activities. The team was unable to determine an accurate cost for equipment maintenance due to the lack of documentation of the time spent by full-time personnel for maintenance activities.

Recommendations:

It is recommended the borough consider the county as a possible provider of all or a portion of the maintenance services required by the fire department. As previously recommended, the borough should document the activities of the full-time personnel and determine a complete cost for apparatus maintenance. Given the mechanical complexity of fire apparatus, this will allow the borough to perform a detailed cost-benefit analysis. As previously discussed in the public works section of this report, the county's economy of scale has allowed them to provide services at a considerably lower cost than most municipal and private maintenance operations.

Additionally, as the service life of the borough's ladder truck expires, the borough may also wish to negotiate with the county for the provision of financial assistance to replace this very expensive category of fire apparatus. The provision of such financial assistance would be based upon the premise that the borough's fire department protects county facilities from fire loss and that the county should, consequently, contribute to the cost of this service.

Fire Apparatus Replacement

Interviews with fire personnel indicate that an informal borough policy dictates that fire apparatus are purchased at five year intervals. The pumper units currently in use were manufactured in 1980, 1989, 1993 and 1996, with the ladder truck being manufactured in 1984. The team determined the actual interval between purchases of fire apparatus is an average of 3.2 years.

The team examined fire-rating criteria to determine the appropriate density of apparatus for the borough. The Insurance Service Office (ISO), a nationally recognized provider of fire insurance ratings, has set standards for the distribution of fire companies. The ISO rating schedule requires that a built-upon area of a city have a first due engine-company within 1½ miles and a ladder service company within 2½ miles. Considering the geographic distribution of the fire companies and reserve apparatus requirements, a minimum strength of the apparatus fleet would be two pumper units and a ladder truck.

For high hazard situations requiring a substantial response capability, additional fire apparatus may be acquired through mutual aid agreements. The density of fire apparatus in the region would provide ample support to any major catastrophic event.

Recommendations:

The team acknowledges that new fire apparatus is a very important factor in maintaining the morale of volunteers. The subject of capital purchases is a very sensitive issue especially when considering the savings a municipality receives in having a volunteer fire department. However, the high cost of fire apparatus, at least \$150,000 and higher in most cases, necessitates careful planning of these capital purchases. Balancing concerns for fire

safety and the need for cost reduction, the borough has several options regarding the capital purchase of new fire apparatus:

1. The borough should consider decommissioning one of the pumper units and redistribute the remaining four fire apparatus to the companies. The reduction in maintenance costs and the proceeds from the sale of this asset would provide undetermined cost savings and revenue to the borough.
2. The borough should address the issue of a replacement schedule for fire apparatus. If the borough had maintained the interval of apparatus replacement for five years instead of the actual 3.2 years, the purchases would have been spread out over 25 years instead of the current 16 years. By adhering to this schedule, the borough would have saved at least \$300,000 in purchases and additional debt service by year 16 of a 25 year replacement cycle.

Cost Savings: \$30,000 (Debt Service)

UNIFORM CONSTRUCTION CODE

Organization

In 1997, the borough employed one construction code official, one control person and four subcode inspectors. All were part time except the control person. The construction code official supervises this function and also performs additional duties as building subcode inspector and zoning officer.

The construction code office is located on the second floor of borough hall. The control person is the primary contact with the public, working 32.5 hours per week to assist the public with permit applications and performing clerical work. The control person is sometimes assisted by the planning board secretary as needed.

Financial

In 1997, the Uniform Construction Code (UCC) function generated \$93,292 in fees. The reported expenditures to support this function totaled \$156,408. The team calculated the distribution of these expenditures for UCC activities was \$116,375 in salaries, \$23,275 in benefits and \$16,758 in other expenses. The team determined that the salary amount reported as dedicated to UCC functions was overstated due to the zoning duties of the construction code official not being deducted from his salary. The team determined that the construction code official dedicates 14.25% of his time or \$6,463 of salary to zoning enforcement.

Deducting this amount, the cost of providing UCC services was \$149,945. Calculating the excess of expenditures over revenues, the team determined that UCC functions were subsidized by \$56,653 in general revenue.

The team reviewed the UCC fee schedules contained in the construction code ordinance. The ordinance governing construction code operations has a provision that requires the code enforcement department to furnish recommendations on a biannual basis regarding the fee schedule for UCC services. In the past, the borough has consistently updated the fee schedule on

a 2-3 year interval. The current schedule has been in place since 1995. Discussions with code enforcement staff indicate that they are working on a new fee schedule, however, it has not yet been adopted.

Recommendation:

It is recommended the borough revise its fee schedule to reduce the subsidy of general tax revenue made to the UCC function.

Workload

In 1997, the construction code office issued 548 permits and performed 1,502 inspections. In reviewing the UCC workload, the team obtained the 1997 Department of Community Affairs staffing analysis for the reported permit activity of the borough's construction code staff. Based on the DCA analysis, the fire, plumbing and electrical sub-codes are overstaffed and the construction code official and building subcode official positions are understaffed. The following table depicts the actual hours worked by borough staff and the DCA recommended hours for those functions:

Position	Actual Hours Worked	DCA: Staffing Analysis Total	DCA: Plan Review	DCA: Inspections
Construction Code Official*	12	7	--	--
Building Subcode	11	18	5	13
Electrical Subcode	16	7	2	5
Fire Subcode	8.5	4	2	2
Plumbing Subcode	8	7	2	5
Office/Control	32.5	21	--	--

*Construction code official is also a building subcode inspector.

The analysis regarding the hours worked by the control person are subject to discretion by the borough. With most of the code enforcement staff working part-time and often outside of normal business hours, the borough may wish to have the control person maintain an office presence that is convenient for the general public.

Recommendation:

It is recommended that the borough reduce the hours of the subcode inspectors to the DCA required hours and adjust the compensation accordingly. This recommendation, together with the previous recommendation regarding fee schedules, should allow the borough to significantly reduce the amount of general revenue being used to subsidize UCC functions.

Cost Savings: \$14,915

WELFARE

Overview

Work First New Jersey regulations allow each municipality to continue to administer and fund the General Assistance Program or to transfer administration of the program and the cost of administration to the county welfare agency.

In 1998, Somerville transferred its welfare services to Somerset County. At the time, there were seven cases that were transferred to the county.

Prior to this transfer, the borough maintained two positions to administer this program, consisting of a director and an assistant. Given the relatively light caseload in relation to the assigned staff, this function was not a cost-effective operation for the borough. By transferring its welfare responsibilities to the county, the borough generated \$52,395 in savings through the elimination of these positions.

The borough is commended for transferring welfare services to the county and savings incurred through the elimination of two positions.

ENGINEER

Organization

The borough has a bifurcated system of performing engineering services. The appointed municipal engineer of record is the county engineer. The borough also has in-house staff consisting of one individual with the title of assistant engineer/assistant superintendent of public works and a clerical employee, who is also utilized for both public works and engineering functions. This arrangement has been in place for approximately five years. Previously, the titles of municipal engineer and public works superintendent were held by the same individual.

The borough utilizes its assistant engineer in both facility maintenance matters and engineering. The assistant engineer performs routine inspections, updates tax maps, and develops specifications for some borough improvement projects. He also supervises facility maintenance staff and oversees the borough's utilities. For activities requiring a licensed engineer or specialized engineering functions, the assistant will refer the matter to the county engineering department.

The county provides engineering services to the borough and its appointed planning and zoning boards. The only instances where the county does not provide professional services are in sewer functions and specific projects along county rights of way. The borough has a separate contract with a private firm for sewer engineering and a conflicts engineer oversees any matters dealing with county rights of way. The county provides a variety of services including road design, surveying and site plan reviews.

Financial

In 1997, the cost for the in-house engineering function was \$93,400 in salaries and direct benefits. Included in this cost are the public works functions provided by the borough engineering staff. Other expenditures amounted to \$27,461, of which \$25,564 was paid to the county. The remainder of the expenditures includes office supplies, equipment and professional dues.

The borough executes a one year professional services agreement detailing the duties of the county engineer, accompanied by a fee schedule with hourly rates for each category of service provided by the county. The team's review of the fee schedule and billing documents indicates that the borough receives a very favorable rate for the services provided. The county's rates are approximately 50% of the rate charged by private firms in the region.

The borough and the county should be commended for the cost savings afforded by utilizing the services of the county engineering department.

LEGAL

The borough's municipal attorney is appointed for a one year term. The attorney receives an annual salary of \$35,286 for attendance at all council meetings and for providing legal advice for the governing body and department heads. The borough also pays pensions costs associated with the salary. For special litigation, ordinances and other legal matters, the contract with the attorney provides payment for these services in the amount of \$115 per hour. The contract states that secretarial services are provided by the attorney and are, therefore, included in his hourly fee.

The present attorney succeeded his predecessor partway through the contract term in 1997. The attorney has 20 years of experience in municipal law. The attorney receives phone calls from the governing body and department heads and governing on a variety of legal issues. The borough contracts for labor attorneys, bond counsel and other special legal matters. In 1997, total legal expenditures were \$73,921 including the municipal prosecutor and public defender.

Recommendation:

It is recommended that the borough review its practice of providing pension benefits to contracted professionals. It is the position of LGBR that such arrangements are more appropriately handled through a conventional fee for service contract relationship.

LIBRARY

Organization

The Somerville Library was established in 1958 as a free public library within the corporate limits of the Borough of Somerville. It is managed by a director, under the governance of a board of

trustees. In 1997, the library employed 5 full-time and 14 part-time employees. The professional composition includes a director, children's librarian, reference librarian, head of circulation, and a senior library assistant.

Pursuant to N.J.S.A. 45:8A-3, all public libraries serving populations of 10,000 or above are required to employ a certified librarian in a professional position. The Somerville library director is a full-time professional librarian, who holds a professional librarian certification.

All public libraries are required to meet certain minimum requirements based on the population of the area from which the library receives tax support. For a population base between 8,000 and 11,999, the required minimum number of full-time paid employees is three (exclusive of security, janitorial or custodial employees). The Somerville Borough Library is staffed above this requirement with a total of five full-time employees.

In addition to state minimum requirements for staffing, the team benchmarked the five full-time employees employed by the borough against libraries of two categories, one serving a similar population grouping and the other having a similar level of budget expenditures. The number of full-time employees for these library groups averaged 5 and 5.5, respectively.

Hours of Operation

The library has varied hours of operation with an average of 55 hours per week during the year, including weekday evening hours. The hours of operation during the summer are slightly reduced to 52 hours per week during the months of July and August. The hours of operation include both day and evening hours. Specifically, the library is open 10:00 a.m. - 9:00 p.m. on Mondays, 10:00 a.m. - 8:00 p.m. Tuesdays through Thursdays, and 10:00 a.m. - 5:00 p.m. on Fridays and Saturdays. The Saturday hours are modified during the months of July and August from 9:00 a.m. - 1:00 p.m. At present, there are no plans to expand the hours of operation to include Sunday.

The hours of service exceed the minimum hours of service required by N.J.A.C. 15:21-2.6(a) state statute. Requirements for the population group of 10,000 - 24,999 call for 45 hours per week over the course of five days, three evenings and weekend hours. These hours vary only slightly from other libraries in similar population and expenditure groups.

Revenues and Expenditures

The municipality is required, under N.J.S.A. 40:54-8, to appropriate and raise by taxation, a sum equal to one-third of a mill of equalized valuation to support the library. The equalized valuation of Somerville Borough is \$619,440,382, resulting in a one-third of a mill calculation of \$204,415. The Borough of Somerville contributes \$315,242, or \$110,827 above the minimum required expenditure.

The library received \$13,343 in state aid and \$16,409 from other revenue sources such as gifts, book sales, fines, subscriptions, video rentals, copy machine commissions and fees. The library was also awarded a \$2,500 grant from the New Jersey State Public Library for start-up costs in new technology development.

The 1997 expenditures for personnel were \$230,454 for salaries, and \$59,575 for direct benefits.

Support Services

Due to the proximity of the library to borough hall, cleaning, maintenance and snow removal costs are borne primarily by public works.

Collection

There are 52,612 volumes in the collection or 4.49 per capita. In 1997, the library purchased 6,100 volumes, which is 54% more than comparable libraries in the same population group and 21% more than comparable libraries in the same expenditure group.

The N.J.S.A. 54-1 establishes a minimum collection of 8,000 volumes or one volume per capita and an annual purchase of 1/10 of volume per capita. Audio-visual materials, computer software and electronic reference services may be equated to volume purchased.

Technology

The library offers a wide range of technology-based services including: an automated library system for circulation, cataloging, online public access catalog and dial-in access; free Internet access for the public for up to one hour on selected computers in the Taub Reading Room, the Reference Area, and the Children's Department; a CD-ROM LAN with various reference materials, personal computers with Pentium processors and color inkjet printers for patrons; UMI Pro Direct for full text and abstracts of magazine articles; and a dedicated station for the Infotract Health Reference Center. The library has an Internet policy available for complete guidelines.

The library has an annual maintenance contract on its DYNIX system. The cost is \$11,904 that comes from the operating fund. There is no maintenance contract on the CD-ROM LAN. The personal computers do not have maintenance contracts on them.

The technology plan includes services through the year 2000. In year 1998, there was an upgrade of the CD-ROM LAN and expansion of Internet access for patrons and staff. Specifically, the two functions were integrated so that any given PC is able to access the Internet and/or the CD-ROM LAN. In year 1999, plans called for the replacement of outdated personal computers, whether stand alone or on the LAN network. In year 2000, the library has scheduled DYNIX migration to windows-based interface.

Recommendation:

It is recommended that, with the planned technology enhancements, a part-time technical support person be considered as part of the future personnel complement. At present, there are limited personnel available to provide technical support when hardware or software questions arise. When turnover of part-time personnel occurs, the borough may be presented with an opportunity to add this support person at no additional cost.

Cooperative Effort

The library is a member of the Raritan Valley Federation of Municipal Libraries, which is comprised of eleven libraries throughout Middlesex and Somerset counties. It provides better access to library materials and allows “home” library cards to be utilized at any of the federation libraries.

The library is not part of the Somerset County Library System (SCLS) although in-house use of libraries in the SCLS is allowed and encouraged. A card may be obtained by anyone who: a) is a senior citizen who resides in Somerset County, b) pays \$75 a year, c) resides or goes to school in a member municipality, or d) is a literacy volunteer/student using a SCLS facility.

Recommendations:

It is recommended that the Borough of Somerville consider dissolution of the municipal library and joining the Somerset County Library System. The county facility in Bridgewater is located 2.3 miles from the current location of the municipal library and has extensive resources for children and adults.

After approval of this action by the governing body, a request would be forwarded to the county freeholders. The County Library Commission would then be contacted to consider the following options: 1) utilizing the Somerville library as a branch library and adding a new member to the current SCLS or 2) possible dissolution of the municipal library. Depending upon the outcome of the commission’s study, a referendum question would be prepared to reflect the possible scenarios for voters.

The formula to estimate the cost of participation in the SCLS is based upon the equalized valuation (Source: Somerset County Abstract of Ratables) of \$619,440,382 times a value of .00039 (slightly more than a third of a mill). This would amount to \$241,582. This new funding formula represents a savings of \$73,660 from the current contribution of \$315,242 made by the borough for support of the library. The borough would realize additional savings through reduced maintenance and custodial costs.

In addition to the savings generated by the reduction in library costs, the borough may be afforded the opportunity to utilize the office space of the former library as a possible new location for the borough’s courtroom and municipal court offices. Presently, the borough must pay rent to hold its municipal court sessions in Raritan. Additionally, the governing body and appointed boards must meet at police headquarters. Creation of a multi-use facility would allow borough hall to regain its primary function as a center for all public meetings in the borough.

It is recommended that before any plans are commissioned for the renovation of the library, the borough contact the Administrative Office of the Courts to determine what security features and other structural requirements must be made to the building for court use. These factors will assist the borough in determining the financial and structural feasibility of this recommendation.

Cost Savings: \$73,660

MANAGEMENT INFORMATION SYSTEMS

Present Technology

There is presently a mix of hardware throughout borough hall, including dumb terminals, printers and personal computers. Similarly, the software encompasses a wide variety of applications and versions that are not compatible.

Vendors are utilized for a variety of data processing functions. Vital Computer is responsible for maintenance of tax collection and sewer billing data. ADP is responsible for the payroll function.

In April, 1995, Somerset County conducted a study which defined a specific problem as a lack of computers and functions. Since then, the finance office, tax collector and tax assessor, have all been linked in a Local Area Network (LAN). In April, 1997, a computer survey was taken of municipalities in Somerset County outlining technology in place and plans for the future. The survey found that there is a continuing need for an integrated approach concerning automation.

Recommendation:

It is recommended that the borough develop a technology plan. The plan should include an implementation plan with anticipated costs and training requirement. It is further recommended that the borough consider contracting with a consulting firm to implement a plan. As part of this plan, the borough should consult with department heads to define current and future requirements based on taxpayer's needs.

RECREATION

Organization and Staffing

A full-time director of recreation and a full-time assistant director head the Somerville Recreation Department. They are advised by a twelve-member Recreation Advisory Commission comprised of a chairman, vice-chairman, five members, two alternates, a council liaison, the director, assistant director, and a secretary volunteer.

The current director and assistant director have been with the recreation department for 20 years and 15.5 years, respectively, for a combined 35.5 years of experience with the program.

In 1997, the department used 56 part time and seasonal employees: a gardener, instructor, two coaches, 34 officials, three program coordinators, and 15 seasonal workers.

Revenues and Expenditures

The recreation department is responsible for a variety of recreational programs, which are primarily organized around the parks in the municipality and the facilities of the Somerville School System. In 1997, the department expended \$116,549 in salaries and \$28,844 in direct benefits.

The value of vacation, personal, sick and holidays was \$18,169. The total cost of salaries, benefits and other expenses was \$163,562. Fees for recreational programs generated \$48,995 in revenue in 1997.

The demographics in Somerville have remained relatively constant for the past decade and registration for the recreation programs, with many varied program offerings and populations, has continued to grow.

There are a number of program offerings in which reimbursement is accepted in the form of canned goods and non-perishable items. These donations are then turned over to the Somerville Welfare Department. Since social service functions have been taken over by Somerset County, food donations are turned over to the local food bank and homeless shelter. As an outgrowth of these donations, a competition was established among the playgrounds, in which the facility with the greatest food donations had a special end of season party.

Recommendation:

These charitable activities reflect a special commitment to the community. The Somerville Recreation Department is to be commended for these activities.

Facilities

Somerville Recreation is responsible for the operation of the Senior Citizen Drop-In Center located in the Fourth Reformed Church Activities Building.

There is also an extensive list of facilities for delivery of programs and special events. The thirteen locations have varied offerings in terms of equipment and available resources.

<u>Baker Taylor</u>	tot lot
<u>Arthur Chambres</u>	baseball, softball fields, concession stand
<u>Clark Woods</u>	multi-use field, soccer-lacrosse
<u>Claude Walck</u>	playground, pool, tot-lot, basketball court, picnic tables
<u>East Cliff-East High</u>	passive park land
<u>Ellsworth VanFleet</u>	show garden
<u>Exchange Field</u>	baseball field, basketball courts, concession stand
<u>Flockhart</u>	mini-park
<u>Krueger</u>	basketball courts
<u>Michael Lepp</u>	playground, pool
<u>John Long</u>	fountain/wading pool, playground, tennis courts
<u>Prospect Street</u>	bird sanctuary and flower plantings
<u>North Richards</u>	tot lot

The borough is to be commended for private and volunteer efforts in maintaining the parks. Special projects are ongoing and volunteers are utilized in the areas of graphic arts, woodworking, computers, sports/coaching, landscape design, tree planting and flower bed beautification.

A significant undertaking has been the construction of awnings of varying sizes, utilizing irrigation pipes for a framework and covering materials. The open market cost was \$1,000 - \$2,500 depending on the size and manufacturer. The borough was able to purchase the materials from local businesses and the park/playground personnel were able to construct awnings. This partnership between local businesses and municipal government has resulted in significant savings for the borough.

The Recreation Commission has an arrangement with the Somerville School District whereby facilities are made available to the borough for a variety of programs in return for janitorial payments. There is an extensive level of program offerings and a high level of participation. This results in almost daily usage of school facilities.

Payment to the school district was made by the municipality for weekend janitorial services and the licensed black seal operator. The 1997 costs were approximately \$4,500. In return, the Somerville Recreation Program provides an extensive program of services for the school system.

The borough is to be commended for the shared services arrangements between the municipality and school district.

Programs and Activities

Participation for all programs is contingent upon residency requirements and a nominal fee. Special trips charge fees to cover ticket prices and the cost of transportation. Based upon registration and attendance figures provided to the review team, approximately 32% of the population participates in the recreation program although 100% of the population participates in underwriting the costs.

The borough is to be commended on the recreation fee policy that makes the program almost self-supporting in terms of covering non-salary costs. Further discussions should take place on review and update of fees, since a major part of the recreation fee policy is the extent to which tax revenues are to be used to subsidize recreation.

In addition to the senior citizen facility, programs for the seniors include health maintenance, guest speakers, information and referral services, cards, bingo, movies, trips and holiday programs.

Somerville Recreation is currently a participant in a regionalized program aimed at disabled individuals from various communities. Opportunities include being with friends, enhancing leisure skills, contributing to personal growth, development and improvement of social skills. The program offered 179 activity sessions in 1997 and served 2,213 disabled participants. Activities included crafts, cooking, fitness, sports and games, adapted horseback riding, trips and two summer camps.

PERSONNEL

Overview

The labor intensive nature of municipal government makes personnel policies and collective bargaining agreements a vital tool in cost containment. In 1997, the borough spent \$4,786,860 in personnel-related expenses, including salaries, group insurance and pension costs.

The borough's personnel management function is largely decentralized. Although individual personnel records are centrally located in the administrator's office, employee attendance and leave balances are maintained in borough hall, public works and police facilities. Insurance enrollment and coverage updates are processed centrally through the clerk-administrator's office.

The borough's current personnel policy manual was adopted in 1996. The manual is comprehensive and provides detailed guidance as to the terms and conditions of employment for non-contractual employees. The manual also provides additional guidance to contractual employees for matters not specifically covered by their collective bargaining agreements. The personnel policy addresses employment practices liability issues and is configured to allow changes to policy to be easily posted to existing manuals.

Four unions represent borough employees. Two unions represent police ranks and superior officers, respectively, and two unions represent civilian municipal workers and supervisory staff. The borough utilizes labor attorneys to conduct contract negotiations and handle other legal issues. The borough has already negotiated many cost saving provisions into labor agreements, such as the elimination of longevity for employees in most contracts, and the elimination of overtime for non-emergency employees.

The team recognizes that many of its recommendations regarding personnel matters will require negotiations through the collective bargaining process. Negotiating changes to such agreements are a long and arduous process. To be successful in reducing personnel costs, the borough must consistently pursue a strategy of cost containment in all contracts over a series of years.

Recommendation:

It is recommended the borough better utilize the administrator to oversee the personnel management function. Attendance sheets, compensation time and leave balances should be reviewed by the administrator on a regular basis to ensure uniform adherence to borough personnel policies. Particular attention should be paid to compensation time balances among civilian employees. The team found several instances of civilian employees surpassing the maximum balance of 40 hours allowed by the personnel policy. Departments generating large amounts of compensation time should be evaluated for the scheduling or management practices that would have reduced the need for excessive working hours. The recommendation regarding the formation of a deputy clerk position should allow the administrator to concentrate on personnel matters as required by the ordinance creating the position.

CODE ENFORCEMENT

Property Maintenance

The borough adopted the present property maintenance code in 1993. The environmental enforcement officer is assigned to enforce this code and serves as the recycling coordinator and the clean communities coordinator. The employee works a total of 32.5 hours per week. Through a shared services agreement with the Borough of Manville, this employee spends 13 hours per week enforcing property maintenance codes and performing housing inspections in Manville.

Interviews with borough staff indicate that time spent on various duties were distributed as follows:

Somerville Property Maintenance	30%
Manville Property Maintenance/Housing	36%

Clean Communities	10%
Recycling	10%
Records Management	5%
Leave	6%
Miscellaneous	3%

The environmental officer coordinates with the county for the curbside collection of recycling material for borough residents. The municipality received a recycling tonnage grant of \$10,618 in 1997. This activity requires approximately 10% of the work time and costs the municipality \$4,134 for salary and benefits.

The municipality received clean communities program funds in the amount of \$14,571 in 1997.

Housing Inspection/Zoning

One individual performs duties as the housing inspector and assistant zoning officer for 40 hours per week. There are 1,700 multi-family dwellings and 297 two-family, non-owner occupied dwellings in the borough. In 1997, there were 199 CCO inspections completed for resale. Ten hours per week are used on this activity. This inspector devotes 10 hours per week to zoning functions in Manville.

Fire Official

The fire official works 40 hours per week, with 15 of these hours assigned to fire safety duties in the Borough of Manville. He also coordinates community service activities requiring 3 to 4 hours per week. This official also supervises the code enforcement office. The time required for the supervisory activity is undetermined as no formal records of time spent on each activity are kept.

A fire safety violation results in a verbal warning to correct the situation. If no action is taken to correct the deficiency, a written violation is issued with a 15-day window for compliance. If no action is taken, a penalty order is issued. If corrective action is still not taken, a summons is issued. In 1997 there were 206 life-hazard notice of violations issued, with two summonses issued.

In 1997, the fire safety operation also received \$22,659 in revenue from the state under the Uniform Fire Safety Act. Fire safety funds are used in support of non-salary expenses for this function.

Interlocal Services Agreement

The interlocal agreement with the Borough of Manville for fire, zoning and property maintenance/housing inspections uses the following fee schedule:

	Per Hr.	Hrs. Per Week	\$ Not to Exceed
Fire Safety	\$16.78	16	\$13,269
Zoning	\$17.55	12	\$10,406
Property Maint./Hsg.	\$17.73	13	\$11,389
Total		41	\$35,064

In 1997, the municipality received \$35,064 in revenue under this agreement. The actual cost to the municipality for the salary and benefits to staff these positions for the time spent in the neighboring community is:

	Per Hr.	Hrs. Per Week	Cost
Fire Safety	\$27.32	16	\$22,703

Zoning	\$19.03	12	\$11,874
Property Maint./Hsg.	\$24.46	13	\$16,535
Total		41	\$51,193

As no formal time records were available, the above analysis is based on the number of hours or the percent of time each inspector estimated was used in completion of these inspections. It appears that, in 1997, the provision of services under the interlocal service agreement with Manville for property maintenance, housing, zoning and fire inspections produced revenues of \$35,152 and cost the borough \$51,193 in salaries and direct benefits.

Recommendations:

It is understandable that the expansion of the scale of these activities provides an aspect of savings per unit even if they are provided at less than cost to the neighboring community. However, the municipality should attempt to retrieve at least the cost of salary and benefits. Other expenses such as vehicle costs are not included in these calculations.

Revenue Enhancement: \$16,129

The team also recommends the municipal code enforcement section maintain detailed records of its activities and have them reviewed regularly by management. Through the use of these records, the team feels there is a possibility that several of these positions may be downgraded from full-time to part-time status or consolidated into fewer positions.

HEALTH

The health program is administered through the Somerville Board of Health, which provides public health services to Somerville, Manville and Raritan boroughs. The board of health also provides services to the Township of Branchburg for health education services. The board of health is comprised of seven individuals who are appointed by the mayor and a council liaison. All appointees serve for three-year terms.

Staffing

The board provides the following staff to the borough: a health officer, a sanitarian, a registrar of vital statistics, who also serves as the secretary to the board of health, a health educator, and a deputy registrar, also functioning as a secretary. The board of health also provides nursing services to the borough using Visiting Nurses First Care through a separate agreement. The Women's Health and Counseling Center (WHCC) provide services for Sexually Transmitted Diseases (STD) screening and treatment services and child health conference services. The board of health provides 100 hours of health education services annually to the Township of Branchburg for health education.

The Boroughs of Raritan and Manville adopted annual resolutions pursuant to N.J.S.A. 26:3A2-1 et seq. and N.J.S.A. 40:8A-1 et seq. required for shared health services. The original agreement was made between the Somerville and Raritan Boards of Health on March 1, 1978 and the Somerville and Manville Boards of Health on April 1, 1981.

Financial

In 1997, expenditures were \$180,769 for salaries and \$54,432 for direct benefits. The following chart details the estimated cost per resident, based on 1996 estimated population figures and current year contract:

Municipality	Duties	1996 Est. Pop.	1996 Contract Cost	1996 Cost Per Resident	1997 Contract Cost	1997 Cost per Resident
Manville	All Health Services	10,754	\$55,524	\$5.16	\$57,567	\$5.35
Raritan	All Health Services	6,115	\$38,620	\$6.32	\$44,114	\$7.21
Somerville	All Health Services	11,705	\$111,400	\$9.52	\$105,026	\$8.97
Branchburg	Health Education Svcs.	14,252	\$5,145	\$0.36	\$5,145	\$0.36

Services

State regulations require that local boards of health meet minimum standards of performance which are set forth in N.J.A.C. 8:52-1 et seq. These minimum standards of performance include:

- *Administration* includes full-time health officer (shared) and laboratory services, education programs and public health nursing program, which is carried out through contract with the Visiting Nursing Association.
- *Environmental Services* requires two full inspections of public swimming facilities, campgrounds and youth camps. Inspection of food and drink machines is required as well as an annual food handler training program.
- *Communicable Disease* mandates the investigation of reportable diseases. Further mandates include at least one annual clinic offering free immunizations to school age children. The Somerville-Raritan-Manville Health Department operates a monthly immunization clinic. A separate mandate is the requirement of one Rabies Vaccination Clinic, inspection of animal facilities and follow-up on animal bites, quarantine and examination of animals involved in bites. Tuberculosis control requires diagnostic, treatment and follow-up to suspect cases. Through the health department, a clinic is operated and supported at the Somerset Medical Center, with the hospital providing the space and equipment. Through the health department a clinic for sexually transmitted diseases is contracted to the Women's Health and Counseling Center.
- *Maternal and Child Health* is provided for the medically indigent residents of Somerville, Raritan and Manville through the Women's Health and Counseling Center. Services include immunizations, pediatric examinations and medical guidance, testing for childhood lead poisoning and improved family outcome, and Women, Infants and Children (W.I.C.) clinics.
- *Adult Health Services* provides cancer services including cervical and breast including follow-up and education. The mandate requires at least one diabetes education program annually. Diabetes screening is conducted at the Health Fair annually. Cardiovascular disease clinic requires testing of one percent of the population for high blood pressure. The health department operates an average of one clinic a week in various locations. The Health Service for Older Adults mandates health needs assessments on 3% of the elderly, which is accomplished through computer matching of participants. Influenza clinics are conducted every September and October.

There are a number of elective services not mandated by law, but provided by the Department of Health including: CPR and First Aid Training Certification (AHA approved), Life Guard Training (annually), Vision and Hearing (at Health Fair and on request of Senior Citizen Groups), Home Health Care (provided by VNA), Environmental Services including ground water contamination, noise, surface water, septic systems, wells, air pollution and environmental hazards, School Nursing, Blood Borne Pathogen and Worker Right-to-Know Training (approximately one dozen training programs for emergency responders and the provision of hepatitis immunizations),

County Environmental Health Act (CEHA) inspections (Air Pollution, Gasoline Service Stations, Dry Cleaners and Water Pollution Prevention and Control), and Age of Sale Cigarette Smoking Prevention Program (coordinated education activities).

The health office provides annual reports to the borough and the State Department of Health, which present an overview of all activity for all municipal members of the health department. This report details the number and type of service performed.

The health officer and sanitarian inspect an increasing number of retail food establishments as the population of Somerville increases from 11,705 to approximately 30,000 during the daytime hours. In addition to twice yearly inspections, there are preliminary inspections prior to the opening of an eating establishment and the monitoring and follow-up required for conditional and unsatisfactory inspections.

Recommendations:

While the borough is commended for regionalizing health services, it should re-evaluate the arrangement with the Somerville-Raritan-Manville Health Department. As an example, services that are not mandatory under the Minimum Standards of Performance guidelines or other state or federal statutes should be reviewed and a decision made as to whether to continue these services.

It is recommended that the health department evaluate all fees, program offerings and levels of participation. A major part of the fee policy is the extent to which tax revenues are used to subsidize health programs.

Animal Control

The Boroughs of Manville, Somerville and Bridgewater contract for animal control service with Somerset Regional Animal Shelter. The cost of maintenance and operation of the animal shelter is apportioned on a formula that includes the borough's dog population, miles of road and participation fee.

The contract includes on-call dog control services, provider fees and maintenance of the facility under supervision of each respective health officer.

The borough is to be commended for entering into a regional agreement for animal control. The use of one facility and necessary equipment is a cost-effective method of managing the animal population.

Somerset Medical Center has initiated a health initiative designed to prepare Somerset County for the future. In a statistical and demographic profile of Somerset County some significant health risk factors were identified: a significant high school dropout rate, a growing population without health insurance, the second highest alcohol use statewide, and 40 suspected gangs.

Through the coordinating efforts of the Somerville Health Officer and, approximately, 40 community volunteers, data and analyses were utilized to identify priority issues, which negatively impact the health and quality of life in Somerset County. They are: 1) access to health care, 2) teen issues, and 3) substance abuse.

The borough is to be commended for spearheading this group in conjunction with the local medical center and preparing the community for the future.

Vital Statistics

The registrar of vital statistics also serves as the secretary to the board of health, with assistance from a deputy registrar. Activity in the borough for the year of 1997 was: 1,123 births, 519 deaths, 139 marriages performed, and 88 marriage licenses. Total revenue in 1997 for vital statistics was \$33,353 and licenses was \$5,133.

PLANNING/ZONING BOARDS

One secretary is assigned as control person to the planning and zoning boards. The secretary is responsible for completing minutes, managing escrow accounts and processing applications. The secretary also assists the code enforcement section as needed. The secretary works 32.5 hours per week, with a half day off as compensation time for attendance at board meetings. The planning and legal functions are performed by contracted professionals and the county provides engineering services.

Despite being almost completely developed, the borough is quite active in land use and planning issues. At the time of the review, the borough was preparing a redevelopment plan for the East Main Street area of the borough and updating the master plan. Additionally, the borough had previously adopted a plan for the redevelopment of a closed landfill in the borough.

Consolidated planning and zoning boards are common throughout the nation but are rare in the state of New Jersey. The basic functions of both boards are similar with regards to ensuring that land use and development within the borough are consistent with local ordinances and state law. Recent legislation enacted into law allows the consolidation of planning and zoning functions into a single entity without a referendum for municipalities with populations of less than 15,000.

Recommendation:

The team recommends the borough consider the consolidation of the planning and zoning functions. The dollar savings under such a consolidation are minimal, primarily the reduction of a retainer fee for one attorney and some associated advertising and administrative costs. The true benefit would be the global perspective over broad development issues that would reside in one appointed board rather than the current two boards.

Cost Savings: \$4,000

DISTRICT MANAGEMENT CORPORATION

In an effort to revitalize the central business district, the borough designated portions of the downtown as a special improvement district. The borough created a District Management Corporation (DMC) to direct the revitalization program for the district. The DMC is governed by a board of trustees consisting of nine voting members appointed by the borough council. A member of council also serves on the board as a nonvoting member. The purpose of the DMC is to promote the district through capital improvements, business recruitment and special services.

Additionally, the DMC attempts to guide development in the district along a Victorian Era theme through the Architectural Review Board (ARB). Exterior design components of plans for improvements in the district are reviewed by the ARB and recommendations are sent to the planning board.

The DMC is funded through a special assessment on commercial properties in the district. In 1997, the DMC expended \$184,933, of which \$63,901 was spent on debt service for improvements made to the district. In addition to debt service, the DMC paid \$16,000 for

engineering design, \$18,563 for landscape design and \$30,000 in consultant fees for the district. The DMC employs two part-time employees to clean and perform light maintenance in the district.

III. COLLECTIVE BARGAINING ISSUES

The team examined the labor agreements of the borough and identified provisions that are cost drivers for the borough. The team acknowledges that the following recommendations are not subject to immediate implementation by the governing body but, instead, must be negotiated through the collective bargaining process.

Sick Leave

The borough provides an annual allotment of 12 days of sick leave to employees who are unable to work due to the illness of themselves or immediate family members. The team found sick leave usage for the borough varied considerably among different categories of employees. The administrative employees in Borough Hall took an average of 3.3 days of sick leave in 1997.

The team has concerns over the level of sick leave usage in public works. The average number of sick days taken by non-supervisory employees was 10.9 days in 1997. This high level of usage appears to have been in place for a considerable length of time, a review of 1997 attendance records reveals that there were eight employees with an average of 13 years of service with no accumulated sick time.

The pattern of usage is indicative of possible sick leave abuse by a large number of public works employees. A disproportionate amount of sick leave is taken in conjunction with the weekend, in some cases developing a clearly discernable pattern of creating four day weekends throughout the year for some employees. There is also a pattern among several individuals of augmenting their scheduled vacation and personal days with sick days.

Police employees experienced losses of 3,218 hours due to sick leave in 1997. Of this amount, 1,604 hours were attributable to duty injuries and the six civilian employees took 403.5 sick leave hours. Deducting these figures from the total, 31 sworn officers expended 1,210 hours in sick leave for an average of 39 hours in 1997. Converted to eight hour days for comparison purposes, police employees averaged 4.9 sick days in 1997. The team considers this usage level to be acceptable.

The borough, however, should provide additional scrutiny for its police civilian employees as they take a grossly disproportionate amount of sick leave as compared to the sworn officers.

Although the borough may realize immediate gains in productivity through low sick leave usage, it is conversely accruing long-term financial liabilities from its contract provisions that provide payments for unused sick leave upon retirement. Employees are allowed to accumulate their unused sick leave throughout their career and receive cash payments upon retirement for up to 130 days at their full rate of pay. Although the majority of the sick leave balance was accrued at a much lower rate of pay, the borough pays the employee using the salary range in place at retirement. In planning for these financial obligations, the borough surveys senior employees for eligibility to retire. The borough budgets the estimated amount of each year's retirement liability. The amount appropriated for retirement in the municipal budget has increased tremendously, rising from \$25,000 in 1993 to \$100,000 in 1997. If an employee does not elect to retire, the money is maintained in reserve accounts until the retirement occurs.

Recommendations:

It is recommended that the borough negotiate a dollar cap of \$15,000 on the amount of all accumulated sick leave in accordance with the state standard. For those individuals exceeding that amount in accrued sick leave, the current accumulation should be frozen through negotiations for employees in collective bargaining agreements and a formal amendment to the borough's personnel policy. Although the immediate liability faced by the borough is still immense, complete elimination of this benefit will be difficult.

Concerns that the reduction of this benefit may increase sick leave usage can be addressed through stronger assertion of management rights. The borough's personnel policies should be revised to incorporate greater controls by management over the instances when employees are required to submit medical documentation. The borough should also institute phone checks to ensure employees are at their residence during their sick time and discipline them in instances where this benefit has been abused.

Vacation Leave

Vacation leave allocations for borough employees are based upon the years of service ranging from 12 days for junior employees to 26 days for senior employees with over 25 years of service. This rather generous benefit, together with sick leave and personal days, means that a senior employee can be absent from duty for eight weeks during the year. This figure does not include the 13 holidays observed by the municipality. The high proportion of senior employees in the borough's workforce increases the cost of this benefit. In 1997, borough employees received a total of 1,749 vacation days with a value of \$313,461.

Excessive vacation time can also contribute to higher overtime costs. In departments with minimum staffing levels such as the police, scheduled vacation leave combined with unscheduled absences results in officers being recalled on overtime rates to fill vacancies.

Recommendation:

It is recommended the borough negotiate to reduce the number of vacation days received by borough employees. Adopting the state's Department of Personnel minimum vacation leave schedule for classified municipal employees, the borough would realize a savings of 419 days a year.

Productivity Enhancement: \$79,145

Compensation Time

The borough faces a tremendous financial liability in the steadily increasing compensation time balances held by police employees. Compensation time is a form of paid leave that employees receive in lieu of cash overtime or standby payments. Departmental compensation time balances are maintained by their respective administrative staff. A provision in the personnel policy caps the balance of compensation time for civilian employees at 40 hours.

Police contract provisions allow for generous accruals of compensation time for being on-call for possible court appearances. This is in addition to standard provisions in the contract providing a minimum of two hours overtime for each instance of recall. The agreement for police officers provides compensation time in the amount of one hour for every two hours the officer is on standby. A disproportionate share of the compensation time balances are held by senior officers, thereby increasing the financial liability of the borough. In 1997, compensation time balances amounted to 967 days with a total liability of \$268,286 to the municipality. The following table illustrates the pattern of compensation time accruals that are earned in the past three years:

Year	On-Call Hours Earned	Regular (In lieu of overtime)	Total Compensation Time Earned During the Year	Compensation Time Expended During Year
1995	1,012	385	1,397.0	1,047.5
1996	561	472	1,033.5	1,132.0
1997	689	272	961.5	637.5

The sharp decrease in expended compensation time has contributed to a dramatic expansion of the overall compensation time balance.

Recommendation:

The team recommends the borough negotiate to eliminate this the contract provision that allows officers to earn compensation time while on standby for court appearances. Management should be held responsible to better coordinate court appearances to reduce overtime.

Hours of Work

Police and public works employees work 40 hour weeks. Clerical employees in the municipal building have an official workday of 6.5 hours and a workweek totaling 32.5 hours. The personnel policy of the borough allows overtime payments at time and a half for hours worked in excess of the 32.5 hour work week. The Fair Labor Standard Act sets the standard for overtime as hours worked in excess of 40 hours a week. The team considers this provision to be a cost-driving feature in the clerical contract. Employees subjected to work beyond 6.5 hours but less than eight are not so unduly fatigued as to require overtime payments.

The team reviewed the length of the workday to determine if the relatively short working hours of clerical employees were an impediment to productivity or service to the public. Overall, the present system is adequate and the team feels that the present compensation levels are appropriate for the hours worked. To negotiate an increase of the working hours would probably result in increases to the borough's salary and wage accounts at considerably higher level than the normal cost of living percentage adjustments provided in most labor agreements.

Recommendation:

The team recommends the borough eliminate this time and a half overtime pay provision from its collective bargaining agreements for borough clerical employees. Compensation for working beyond the 6.5 hour day but less than the eight hours should be compensated at the straight time rate or receive compensation time on an hour for hour basis.

Longevity

After January 1, 1997, civilian employees in the borough do not receive longevity payments based upon years of service. Previously, the only borough employees entitled to receive longevity were those hired before June 1, 1976. Upon adoption of the new policy, this small group of senior employees had their longevity pay incorporated into the base salaries.

Police employees hired before January 1, 1977 still receive a graduated schedule of longevity payments based upon a percentage of base salary. Since all officers in this category have at least 20 years of service, their longevity amount is eight percent of their base salary. Officers hired after January 1, 1977, still receive a form of longevity through the senior status differential provision in their contracts. This differential is based upon attaining five or more years of service with the municipality. As of 1997, longevity payments for police employees amounted to \$85,218.

Recommendations:

It is the position of Local Government Budget Review that longevity pay is of no significant benefit to the municipality in that the payments are not based upon demonstrated performance. The team recommends the borough try to eliminate this benefit during the next round of contract negotiations. If prospects appear unlikely to completely eliminate

the longevity provisions of this contract, the borough may consider changing the method of calculating longevity from a percentage basis to a lump sum.

Cost Savings: \$85,218

Termination of Employment Benefits

The police contracts contain generous retirement provisions not offered to other municipal employees. In addition to payment for 130 sick days at base pay, the contract also provides for a “retirement reimbursement” of \$200 for each year of service. This provision typically provides a \$5,000 payment to retiring police officers with 25 years of service. The benefit is retroactive twelve months prior to the effective retirement date and the amount is incorporated into the officer’s salary. This provision of the contract automatically inflates the pension costs of the borough with little or no benefit to the taxpayer in return for the increased costs.

The contract language states this payment is to be made in lieu of health benefits being provided to the retired officer. Since the passage of Chapter 330, Public Law of 1997, retired police employees now have the opportunity for State Health Benefits coverage with eighty percent of the cost borne by the State of New Jersey. The provision of continued health coverage by the state eliminates the rationale for this contract benefit.

The police contract also allows terminal leave with full benefits in lieu of monetary compensation for all accrued vacation, sick, compensatory and personal time. The exercise of this contract feature allows the officer on terminal leave to receive pay, health insurance and other benefits without any requirement to work.

Recommendations:

The borough should ensure that no “retirement adjustment” payments are made to any future police retirees since they are now afforded the opportunity for health benefit coverage at state expense. In the future, the borough should not incorporate provisions into the collective bargaining agreement that artificially boost salaries in an effort to increase the officers’ pensions at public expense. Labor counsel should check with the PFRS about the pension implications of this retirement reimbursement.

One-time Cost Savings: \$155,000

It is recommended that the borough seek to eliminate the terminal leave provision contained in the police labor contracts. This provision increases the costs of retirement to the borough through the costs of health insurance and other benefits paid by the municipality in addition to the salary costs of the officer on terminal leave.

Clothing Allowance

The police labor agreement provides an annual clothing allowance of \$600 for each officer. The state police quartermaster system involving replacement of individual worn or damaged uniform items costs approximately \$300 each year.

Recommendation:

The borough should negotiate a change from its present allowance system to the state's quartermaster method of uniform replacement.

Cost Savings: \$9,300

Additionally, the borough should apply for grants from the Body Armor Replacement Fund administered by the Division of Criminal Justice. This program provides municipal police forces with funds to annually replace 20% of the departments' protective vests. Given the five year service life of the vests, the program allows municipalities to replace its inventory of obsolete vests in regular cycles.

Health Insurance

The borough participates in the New Jersey State Health Benefits Program (SHBP). The SHBP allows the borough to provide lower cost health insurance through the state's economy of scale in the health insurance marketplace. The SHBP provides employees in client municipalities with a considerable range of coverage options including traditional plans, health maintenance organizations and hybrid plans. The borough also provides dental and prescription benefits to employees.

In 1997, the borough paid \$411,238 for group medical insurance. The borough also paid \$45,879 for dental insurance and \$79,880 for prescription coverage.

Presently, the borough pays for the entire cost of the health premiums for employees. The team reviewed the health plans selected by borough employees and found a considerable portion of the employees elected to enroll in the more expensive options. Annual family health insurance premiums range from \$6,036 for the more expensive plans to \$4,546 for the lowest cost coverage.

At present, the SHBP regulations do not provide municipalities with selective premium sharing mechanisms to provide incentives for employees to move from expensive plans to less costly coverage. The regulations do provide municipalities with the option of premium sharing across all health plans. A benchmark premium-sharing plan established by Local Government Budget Review is 20% of the cost of coverage for the amount in excess of a single person enrollment.

Recommendation:

- 1) It is recommended the borough implement a premium-sharing plan of 20% of the premium cost that is above single coverage. Through this option, the borough may realize savings in two ways:**

The borough will reduce its overall health insurance costs by 20% of all current premiums for coverage paid above single enrollment costs. Under this arrangement, the team computed the average premium paid by employees with parent-child, married or family coverage would be approximately \$51 per month. The total estimated value of these savings through premium sharing is \$48,711.

Cost Savings: \$48,711

- 2) The premium sharing may induce employees to select lower cost health coverage options and further reduce the cost of coverage to the borough. Savings are difficult to determine due to the lack of data regarding employees' health care preferences and cost concerns.**

A similar premium sharing arrangement for prescription coverage would save the borough \$7,007.

Cost Savings: \$7,007

- 3) It is further recommended the borough periodically schedule health fairs to inform employees about the many benefits offered by lower cost plans. SHBP experience has indicated that these fairs are successful in persuading employees to switch to lower cost health coverage.**

IV. STATUTORY AND REGULATORY REFORM

This section of the report identifies those areas where existing state regulations or statutory mandates are brought to the attention of the LGBR review team which appear to have an adverse effect on efficient and cost-effective local operations. It is common for local officials to attribute high costs and increased taxes to “state mandates.” Each review team is charged with reporting those areas in this section of the report. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

Interest Arbitration

Several borough officials expressed concerns over the statutory provision mandating that police contract negotiations be settled with interest arbitration when the parties fail to reach an agreement. To overcome this impasse, the law requires that an arbitrator determine salaries, benefits and other negotiable issues. In determining levels of compensation, the arbitrator uses several statutory criteria to issue an interest arbitration award. The borough’s ability to pay is only one of several considerations required in making the final award. Officials are concerned that this process removes local control over a significant portion of the borough’s budget and increases the cost of police services. In 1997, police personnel costs comprised over 20 of the borough’s municipal budget.

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